



SEATTLE CITY COUNCIL

Legislative Summary

CB 119541

Record No.: CB 119541

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125848

In Control: City Clerk

File Created: 05/20/2019

Final Action: 06/21/2019

Title: AN ORDINANCE relating to the Department of Finance and Administrative Services; authorizing the Director of Finance and Administrative Services, on behalf of Seattle Public Utilities, to negotiate and execute real property lease agreements and amendments with Broadacres LLC, for office space and ancillary uses in the Wharf Building located at 4209 21st Ave W; and ratifying and confirming certain prior acts.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Bagshaw

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Att 1 – Wharf Building Lease Agreement

Drafter: adrian.matanza@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	05/21/2019	Mayor's leg transmitted to Council	City Clerk			
1	City Clerk	05/21/2019	sent for review	Council President's Office			
Action Text: The Council Bill (CB) was sent for review. to the Council President's Office							
1	Council President's Office	05/24/2019	sent for review	Finance and Neighborhoods Committee			
Action Text: The Council Bill (CB) was sent for review. to the Finance and Neighborhoods Committee							
1	City Council	06/10/2019	referred	Finance and Neighborhoods Committee			

Legislative Summary Continued (CB 119541)

- 1 Finance and Neighborhoods Committee 06/12/2019 pass Pass
- Action Text:** The Committee recommends that City Council pass the Council Bill (CB).
 In Favor: 4 Chair Bagshaw, Vice Chair González , Member Harrell, Alternate O'Brien
 Opposed: 0
- 1 City Council 06/17/2019 passed Pass
- Action Text:** The Council Bill (CB) was passed by the following vote, and the President signed the Bill:
 In Favor: 6 Councilmember Bagshaw, Councilmember González , Council
 President Harrell, Councilmember Herbold, Councilmember O'Brien,
 Councilmember Pacheco
 Opposed: 0
- 1 City Clerk 06/20/2019 submitted for Mayor
 Mayor's signature
- Action Text:** The Council Bill (CB) was submitted for Mayor's signature. to the Mayor
- 1 Mayor 06/21/2019 Signed
- 1 Mayor 06/21/2019 returned City Clerk
- Action Text:** The Council Bill (CB) was returned. to the City Clerk
- 1 City Clerk 06/21/2019 attested by City Clerk
- Action Text:** The Ordinance (Ord) was attested by City Clerk.
-

CITY OF SEATTLE

ORDINANCE 125848

COUNCIL BILL 119541

AN ORDINANCE relating to the Department of Finance and Administrative Services; authorizing the Director of Finance and Administrative Services, on behalf of Seattle Public Utilities, to negotiate and execute real property lease agreements and amendments with Broadacres LLC, for office space and ancillary uses in the Wharf Building located at 4209 21st Ave W; and ratifying and confirming certain prior acts.

WHEREAS, since 2017, the Seattle Public Utilities (SPU) Source Control Team has resided in the Ballard Operation Building; and

WHEREAS, in November 2019 and until at least 2026, the (SPU) Ship Canal Water Quality Project construction team will be occupying the Ballard Office Building and site for construction of the Ship Canal Water Quality Tunnel; and

WHEREAS, a site search was conducted to find office space for the Source Control Team of 19 employees, testing equipment space and secured parking for 16 City vehicles and equipment; and

WHEREAS, it was determined that their space needs cannot be accommodated within City-owned buildings for at least the duration of the Ship Canal Water Quality Project; and

WHEREAS, the Wharf Building's 7,759 square feet of available rental space and 16 secured vehicle parking spaces were selected due to its proximity to the existing moorage for the Source Control Team's water craft, close access to downtown Seattle, ideal size of office space, testing equipment space, and secured parking for City Source Control Team inspection vehicles; and

WHEREAS, the Director of Finance and Administrative Services (FAS)'s authority under Seattle Municipal Code Section 3.127.020 is limited to negotiating and executing leases,

1 for and on behalf of the City, that do not exceed five years and that do not lease more
2 than 5,000 square feet of office space in any single building, structure, or facility; and

3 WHEREAS, FAS has experienced the need for flexibility in modifying square footage and terms
4 of lease agreements depending on minor changes in departmental operations; and

5 WHEREAS, FAS and SPU have determined that it would be to the best operational needs of the
6 City to enter into a lease with Broadacres LLC to meet the space needs of SPU's Source
7 Control Team; NOW, THEREFORE,

8 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

9 Section 1. The Director of Finance and Administrative Services ("Director") or the
10 Director's designee is authorized to negotiate and execute, for and on behalf of The City of
11 Seattle ("the City"), a lease agreement and necessary amendments, with Broadacres LLC, or
12 Assigns, substantially in the form of Attachment 1 to this ordinance and identified as Lease
13 Agreement, providing for the City's use and occupancy of a portion of the real property
14 commonly known as the Wharf Building, located at 4209 21st Ave W, Suites 100 & 400, in
15 Seattle.

16 Section 2. The Director's authority under Section 1 of this ordinance is limited as
17 follows: (i) the total square footage leased by the City at the Wharf Building shall not exceed
18 10,000 square feet; (ii) the rent payable by the City under any lease or lease amendment at the
19 Wharf Building shall not exceed the then-current fair market rent for comparable office space;
20 and (iii) the term of any lease, including all extensions, shall not extend beyond October 31,
21 2034, without additional authorization by the City Council.

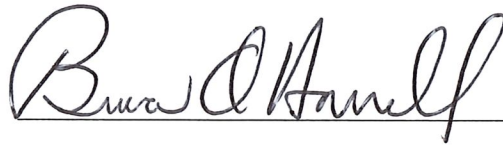
22 Section 3. The lease payments contemplated by the terms of any lease agreement or
23 amendment authorized in Section 1 of this ordinance shall be charged to the appropriate

1 expenditure allowance or allowances in the budget of the Department of Finance and
2 Administrative Services (FAS) and shall be reimbursed to FAS by the Seattle Public Utilities
3 Department.

4 Section 4. Any act consistent with the authority of this ordinance taken after its passage
5 and prior to its effective date is ratified and confirmed.

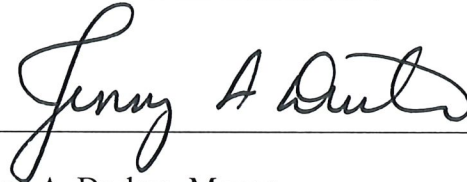
Section 5. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 17th day of June, 2019,
and signed by me in open session in authentication of its passage this 17th day of
June, 2019.



President _____ of the City Council

Approved by me this 21st day of June, 2019.



Jenny A. Durkan, Mayor

Filed by me this 21st day of June, 2019.



Monica Martinez Simmons, City Clerk

(Seal)

Attachments:
Attachment 1 – Wharf Building Lease Agreement



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LEASE AGREEMENT
(Multi Tenant Gross Lease)

THIS LEASE AGREEMENT (the "Lease") is entered into and effective as of this _____ day of _____, 20____, between Broadacres, LLC a Washington limited liability company and/or assigns ("Landlord"), and City of Seattle ("Tenant"). Landlord and Tenant agree as follows:

1. LEASE SUMMARY.

- a. **Leased Premises.** The leased commercial real estate i) consists of an agreed area of 7,759 rentable square feet and is outlined on the floor plan attached as Exhibit A (the "Premises"); ii) is located on the land legally described on attached Exhibit B; and iii) is commonly known as Suite 100 & 400 4209 21st Avenue W, Seattle, WA 98119 (suite number and address). The Premises do not include, and Landlord reserves, the exterior walls and roof of the Premises; the land beneath the Premises; the pipes and ducts, conduits, wires, fixtures, and equipment above the suspended ceiling; and the structural elements of the building in which the Premises are located (the "Building"). The Building, the land upon which it is situated, all other improvements located on such land, and all common areas appurtenant to the Building are referred to as the "Property." The Building and all other buildings on the Property as of the date of this Lease consist of an agreed area of 17,936 rentable square feet.
- b. **Lease Commencement Date.** The term of this Lease shall be for a period of One Hundred Twenty (120) months and shall commence on October 1, 20 19 or such earlier or later date as provided in Section 3 (the "Commencement Date"). ~~Tenant shall have no right or option to extend this Lease, unless otherwise set forth in a rider attached to this Lease (e.g., Option to Extend Rider, CBA Form OR).~~
- c. **Lease Termination Date.** The term of this Lease shall expire at midnight on September 31, 20 29 or such earlier or later date as provided in Section 3 (the "Termination Date").
- d. **Base Rent.** The base monthly rent shall be (check one): ☐ \$ _____, or ☒ according to the Rent Rider attached hereto ("Base Rent"). Rent shall be payable at Landlord's address shown in Section 1(h) below, or such other place designated in writing by Landlord.
- e. **Prepaid Rent.** Upon execution of this Lease, Tenant shall deliver to Landlord the sum of \$ 25,055.10 as prepaid rent, to be applied to the Rent due for ~~months~~ THE MONTH of October 2019 through _____ of the Lease.
- f. **Security Deposit.** Upon execution of this Lease, Tenant shall deliver to Landlord the sum of \$ 30,874.35 to be held as a security deposit pursuant to Section 5 below. The security deposit shall be in the form of (check one): ☐ cash, ☐ letter of credit according to the Letter of Credit Rider (CBA Form LCR) attached hereto, or ☒ check.

IN ORDER TO INDUCE THE LANDLORD TO MOVE FORWARD WITH DESIGN, CONSTRUCTION CONSULTING AND PERMITTING OF TENANT IMPROVEMENTS AND RELATED ACTIVITIES (THE "ACTIVITIES"), TO BE BASED ON INFORMATION TO BE PROVIDED BY TENANT TO LANDLORD, PRIOR TO THE TIME THAT THE PARTIES WILL HAVE SIGNED ANY BINDING LEASE, TENANT HEREBY AGREES TO INDEMNIFY AND HOLD HARMLESS LANDLORD FROM ANY COST OR EXPENSE INCURRED BY LANDLORD IN CONNECTION WITH THE ACTIVITIES IN THE EVENT THAT TENANT AND LANDLORD, FOR ANY REASON, DO NOT EXECUTE A BINDING LEASE FOR THE PREMISES DESCRIBED IN THE PROPOSAL TO LEASE AND TENANT HEREBY AUTHORIZES LANDLORD TO REIMBURSE ITSELF FOR THE COST OR EXPENSE OF THE ACTIVITIES FROM THE DEPOSITS PAID BY TENANT TO LANDLORD FOR THE LAST MONTH'S BASE RENT AND ADDITIONAL RENT AND THE FIRST MONTH'S BASE RENT AND TO RETAIN SUCH FUNDS.

- g. **Permitted Use.** The Premises shall be used only for office use and ancillary storage and for no other purpose without the prior written consent of Landlord (the "Permitted Use").



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h. Notice and Payment Addresses.

Landlord: _____

Fax No.: _____

Email: _____

Tenant: _____

Fax No.: _____

Email: _____

2. PREMISES.

a. **Lease of Premises.** Landlord leases to Tenant, and Tenant leases from Landlord the Premises upon the terms specified in this Lease.

b. **Acceptance of Premises.** Except as specified elsewhere in this Lease, Landlord makes no representations or warranties to Tenant regarding the Premises, including the structural condition of the Premises or the condition of all mechanical, electrical, and other systems on the Premises. Except for any tenant improvements to be completed by Landlord as described on attached Exhibit C (the "Landlord's Work"), Tenant shall be responsible for performing any work necessary to bring the Premises into a condition satisfactory to Tenant. By signing this Lease, Tenant acknowledges that it has had adequate opportunity to investigate the Premises; acknowledges responsibility for making any corrections, alterations and repairs to the Premises (other than the Landlord's Work); and acknowledges that the time needed to complete any such items shall not delay the Commencement Date.

c. **Tenant Improvements.** Attached Exhibit C sets forth all of Landlord's Work, if any, and all tenant improvements to be completed by Tenant (the "Tenant's Work"), if any, that will be performed on the Premises. Responsibility for design, payment and performance of all such work shall be as set forth on attached Exhibit C. If Tenant fails to notify Landlord of any defects in the Landlord's Work within thirty (30) days of delivery of possession to Tenant, Tenant shall be deemed to have accepted the Premises in their then condition. If Tenant discovers any major defects in the Landlord's Work during this 30-day period that would prevent Tenant from using SUBSTANTIALLY ALL OF the Premises for the Permitted Use, Tenant shall notify Landlord and the Commencement Date shall be delayed until Landlord has notified Tenant that Landlord has corrected the major defects and Tenant has had five (5) days to inspect and approve the Premises. The Commencement Date shall not be delayed if Tenant's inspection reveals minor defects in the Landlord's Work that will not prevent Tenant from using the Premises for the Permitted Use. Tenant shall prepare a punch list of all minor defects in Landlord's Work and provide the punch list to Landlord, which Landlord shall promptly correct.

3. **TERM.** The term of this Lease shall commence on the Commencement Date specified in Section 1, or on such earlier or later date as may be specified by notice delivered by Landlord to Tenant advising Tenant that the Premises are ready for possession and specifying the Commencement Date, which shall not be less than ____ days (thirty (30) days if not filled in) following the date of such notice.

a. **Early Possession.** If Landlord permits Tenant to possess and occupy the Premises prior to the Commencement Date specified in Section 1, then such early occupancy shall not advance the Commencement Date or the Termination Date set forth in Section 1, but otherwise all terms and conditions of this Lease shall nevertheless apply during the period of early occupancy before the Commencement Date.



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EARLY ACCESS. Tenant shall be provided access to install fixtures, furniture and equipment (FF& E) no later than fifteen (15) days prior to targeted commencement date.

- b. **Delayed Possession.** Landlord shall act diligently to make the Premises available to Tenant; provided, however, neither Landlord nor any agent or employee of Landlord shall be liable for any damage or loss due to Landlord's inability or failure to deliver possession of the Premises to Tenant as provided in this Lease. If possession is delayed, the Commencement Date set forth in Section 1 shall also be delayed. In addition, the Termination Date set forth in Section 1 shall be modified so that the length of the Lease term remains the same. If Landlord does not deliver possession of the Premises to Tenant within _____ days (sixty (60) days if not filled in) after the Commencement Date specified in Section 1, Tenant may elect to cancel this Lease by giving notice to Landlord within ten (10) days after such time period ends. If Tenant gives notice of cancellation, the Lease shall be cancelled, all prepaid rent and security deposits shall be refunded to Tenant, and neither Landlord nor Tenant shall have any further obligations to the other. 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. To the extent that the tenant improvements are not completed in time for the Tenant to occupy or take possession of the Premises on the Commencement Date due to the failure of Tenant to fulfill any of its obligations under this Lease, the Lease shall nevertheless commence on the Commencement Date set forth in Section 1.

4. RENT.

- a. **Payment of Rent.** Tenant shall pay Landlord without notice, demand, deduction or offset, in lawful money of the United States, the monthly Base Rent stated in Section 1 in advance on or before the first day of each month during the Lease term beginning on (check one): ☒ the Commencement Date, or ☐ _____ (if no date specified, then on the Commencement Date), and shall also pay any other additional payments due to Landlord ("Additional Rent") (collectively, "rent" or "Rent") when required under this Lease. Payments for any partial month at the beginning or end of the Lease shall be prorated. All payments due to Landlord under this Lease, including late fees and interest, shall also constitute Additional Rent, and upon failure of Tenant to pay any such costs, charges or expenses, Landlord shall have the same rights and remedies as otherwise provided in this Lease for the failure of Tenant to pay rent. FOR THE AVOIDANCE OF DOUBT, IN THE EVENT TENANT MAKES USE OF ANY SUPPLEMENTAL ALLOWANCES AS PROVIDED IN EXHIBIT C, SUCH AMOUNT SHALL BE REPAYABLE AS PROVIDED IN EXHIBIT C.
- b. **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 \$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.
- c. **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. **SECURITY DEPOSIT.** Upon execution of this Lease, Tenant shall deliver to Landlord the security deposit specified in Section 1 above. Landlord's obligations with respect to the security deposit are those of a debtor



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and not of a trustee, and Landlord may commingle the security deposit with its other funds. If Tenant breaches any covenant or condition of this Lease, including but not limited to the payment of Rent, Landlord may apply all or any part of the security deposit to the payment of any sum in default and any damage suffered by Landlord as a result of Tenant's breach. Tenant acknowledges, however, that the security deposit shall not be considered as a measure of Tenant's damages in case of default by Tenant, and any payment to Landlord from the security deposit shall not be construed as a payment of liquidated damages for Tenant's default. If Landlord applies the security deposit as contemplated by this Section, Tenant shall, within five (5) days after written demand therefor by Landlord, deposit with Landlord the amount so applied. If Tenant complies with all of the covenants and conditions of this Lease throughout the Lease term, the security deposit shall be repaid to Tenant without interest within thirty (30) days after the surrender of the Premises by Tenant in the condition required by Section 12 of this Lease.

6. **USES.** The Premises shall be used only for the Permitted Use specified in Section 1 above, 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, the Building, or the Property, or cause the cancellation of any insurance on the Premises, the Building, or the Property. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance. Tenant shall not do or permit anything to be done on the Premises, the Building, or the Property which will obstruct or interfere with the rights of other tenants or occupants of the Property, or their employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, or to injure or annoy such persons.
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 as of the Commencement Date, to Landlord's knowledge but without duty of investigation, and with the exception of any Tenant's Work, 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 at its sole cost any noncompliance which existed on the Commencement Date. Tenant shall be responsible for complying with all laws applicable to the Premises as a result of the Permitted Use, and Tenant shall be responsible for making any changes or alterations as may be required by law, rule, regulation, or order for Tenant's Permitted Use at its sole cost and expense. Otherwise, if changes or alterations are required by law, rule, regulation, or order unrelated to the Permitted Use, Landlord shall make changes and alterations at its expense.
8. **UTILITIES AND SERVICES.** Landlord shall provide the Premises the following services: water and electricity for the Premises seven (7) days per week, twenty-four (24) hours per day, and heating, ventilation and air conditioning from 7:00 a.m. to 6:00 p.m. Monday through Friday; AND 9:00 a.m. to 1:00 p.m. on Saturday; and AND SUNDAY to p.m. on Sunday, and Landlord shall also provide janitorial service to the Premises and Building five (5) nights each week, exclusive of 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 Tenant's sole cost and expense, at an hourly rate reasonably established by Landlord from time to time and payable by Tenant, as and when billed, as Additional Rent. If water and electricity services are not separately metered to the Premises, Tenant shall pay its proportionate share of all charges for any utilities that are jointly metered based on the ratio which the rentable square feet of the Premises bears to the total rentable square feet served by the joint meters. Notwithstanding the foregoing, if Tenant's use of the Premises incurs utility charges which are above those usual and customary for the Permitted Use, Landlord reserves the right to require Tenant to pay a reasonable additional charge for such usage.

Tenant shall furnish all other utilities (including, but not limited to, telephone, Internet, and cable service if available) and other services which Tenant requires with respect to the Premises, and shall pay, at Tenant's sole expense, the cost of all utilities separately metered to the Premises, and of all other utilities and other services which Tenant requires with respect to the Premises, except those to be provided by Landlord as described above. Landlord shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of utilities due to any cause whatsoever, and Rent shall



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not abate as a result thereof.

9. **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, related to or required by Tenant's use of the Premises as well as all Taxes on Tenant's personal property located on the Premises. ~~Landlord shall pay all Taxes with respect to 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.~~ BUT NOT INCLUDING ANY TAXES RESULTING FROM A REASSESSMENT OF THE BUILDING OR THE PROPERTY DUE TO A CHANGE OF OWNERSHIP OR OTHERWISE; SUCH REASSESSMENT WOULD BE DEEMED AN ADDITIONAL TAX OF WHICH TENANT WILL PAY ITS SHARE UNDER THE BASE RENT AND ADDITIONAL RENT ADDENDUM.

10. COMMON AREAS

- a. **Definition.** The term "Common Areas" means all areas, facilities and building systems 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. To the extent that such areas and facilities exist within the Property, Common Areas include hallways, entryways, stairs, elevators, driveways, walkways, terraces, docks, loading areas, restrooms, trash facilities, parking areas and garages, roadways, pedestrian sidewalks, landscaped areas, security areas, lobby or mall areas, common heating, ventilating and air conditioning systems, common electrical service, equipment and facilities, and common mechanical systems, equipment and facilities. Tenant shall comply with reasonable rules and regulations concerning the use of the Common Areas 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 the 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 the Common Areas.** Tenant shall have the non-exclusive right, in common with such 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 its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or 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. In performing such maintenance, Landlord shall use reasonable efforts to minimize interference with Tenant's use and enjoyment of the Premises.

11. **ALTERATIONS.** Tenant may make alterations, additions or improvements to the Premises, including any Tenant Work identified on attached Exhibit C (the "Alterations"), only with the prior written consent of Landlord, which, with respect to Alterations not affecting the structural components of the Premises or utility systems therein, shall not be unreasonably withheld, conditioned, or delayed. Landlord shall have thirty (30) days in which to respond to Tenant's request for any Alterations so long as such request includes the names of Tenant's contractors and reasonably detailed plans and specifications therefor. The term "Alterations" shall not include the installation of shelves, movable partitions, Tenant's equipment, and trade fixtures that may be performed without damaging existing improvements or the structural integrity of the Premises, the Building, or the Property, and Landlord's consent shall not be required for Tenant's installation or removal of those items. Tenant shall perform all work at Tenant's expense and in compliance with all applicable laws and shall complete all Alterations in accordance with plans and specifications approved by Landlord, using contractors approved by Landlord, and in a manner so as to not unreasonably interfere with other tenants. Tenant shall pay, when due, or furnish a bond for payment (as set forth in Section 19) all claims for labor or materials furnished to or for Tenant at or for use in the Premises, which claims are or may be secured by any



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mechanics' or materialmen's liens against the Premises or the Property or any interest therein. Tenant shall remove all Alterations at the end of the Lease term unless Landlord conditioned its consent upon Tenant leaving a specified Alteration at the Premises, in which case Tenant shall not remove such Alteration, and it shall become Landlord's property. Tenant shall immediately repair any damage to the Premises caused by removal of Alterations.

12. **REPAIRS AND MAINTENANCE; SURRENDER.** Tenant shall, at its sole expense, maintain the Premises in good condition and promptly make all non-structural repairs and replacements necessary to keep the Premises safe and in good condition, including all HVAC components and other utilities and systems to the extent exclusively serving the Premises. Landlord shall maintain and repair the Building structure, foundation, subfloor, exterior walls, roof structure and surface, and HVAC components and other utilities and systems serving more than just the Premises, and the Common Areas. Tenant shall not damage any demising wall or disturb the structural integrity of the Premises, the Building, or the Property and shall promptly repair any damage or injury done to any such demising walls or structural elements caused by Tenant or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees 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 negligence or willful misconduct of Landlord or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees therein. If Tenant fails to perform Tenant's obligations under this Section, Landlord may at Landlord's option enter upon the Premises after ten (10) days' prior notice to Tenant and put the same in good order, condition and repair and the cost thereof together with interest thereon at the default rate set forth in Section 4 shall be due and payable as Additional Rent to Landlord together with Tenant's next installment of Base Rent. Upon expiration of the Lease term, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises, together with all keys, to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable wear and tear and insured casualty excepted.
13. **ACCESS AND RIGHT OF ENTRY.** After twenty-four (24) hours' notice from Landlord (except in cases of emergency, when no notice shall be required), Tenant shall permit Landlord and its agents, employees and contractors to enter the Premises at all reasonable times to make repairs, inspections, alterations or improvements, provided that Landlord shall use reasonable efforts to minimize interference with Tenant's use and enjoyment of the Premises. 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 (a) showing the Premises to prospective purchasers or lenders at any time, and to prospective tenants within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term, and (b) posting "for lease" signs within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term.
14. **SIGNAGE.** Tenant shall obtain Landlord's written consent 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 expense and in compliance with all applicable laws. Tenant shall not damage or deface the Premises in installing or removing signage and shall repair any injury or damage to the Premises caused by such installation or removal.
15. **DESTRUCTION OR CONDEMNATION**
 - a. **Damage and Repair.** If the Premises or the portion of the Building or the Property necessary for Tenant's occupancy are partially damaged but not rendered untenable, by fire or other insured casualty, then Landlord shall diligently restore the Premises and the portion of the Property necessary for Tenant's occupancy to the extent required below and this Lease shall not terminate. Tenant may, however, terminate the Lease if Landlord is unable to restore the Premises within six (6) months of the casualty event by giving twenty (20) days notice of termination.

The Premises or the portion of the Building or the Property necessary for Tenant's occupancy shall not be



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deemed untenable if twenty-five percent (25%) or less of each of those areas are damaged. If insurance proceeds are not available or are not sufficient to pay the entire cost of restoring the Premises, or if Landlord's lender does not permit all or any part of the insurance proceeds to be applied toward restoration, 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, the portion of the Building or the Property necessary for Tenant's occupancy, or fifty percent (50%) or more of the rentable area of the Property 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 and the portion of the Property necessary for Tenant's occupancy to their previous condition to the extent required below; provided, however, if such casualty event occurs during the last six (6) months of the Lease term (after considering any option to extend the term timely exercised by Tenant) then either Tenant or Landlord may elect to terminate the Lease. If, within sixty (60) days after receipt by Landlord from Tenant of notice that Tenant deems the Premises or the portion of the Property necessary for Tenant's occupancy untenable, Landlord fails to notify Tenant of its election to restore those areas, or if Landlord is unable to restore those areas within six (6) months of the date of the casualty event, then Tenant may elect to terminate the Lease upon twenty (20) days' notice to Landlord unless Landlord, within such twenty (20) day period, notifies Tenant that it will in fact restore the Premises or actually completes such restoration work to the extent required below, as applicable.

If Landlord restores the Premises or the Property under this Section, 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 or the Property did not result from, or was not contributed to directly or indirectly by the act, fault or neglect of Tenant, or Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. 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 or the Property. Landlord shall have no obligation to carry insurance of any kind for the protection of Tenant; any alterations or improvements paid for by Tenant; any Tenant Work identified in Exhibit C (regardless of who may have completed them); Tenant's furniture; or on any fixtures, equipment, improvements or appurtenances of Tenant under this Lease, and Landlord's restoration obligations hereunder shall not include any obligation to repair any damage thereto or replace the same.

- b. **Condemnation.** If the Premises, the portion of the Building or the Property necessary for Tenant's occupancy, or 50% or more of the rentable area of the Property are 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 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 Property necessary for Tenant's occupancy that does not render them untenable, then this Lease shall continue in full force and effect and the base monthly rent shall be equitably reduced based on the proportion by which the floor area of any structures 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. The Premises or the portion of the Building or the Property necessary for Tenant's occupancy shall not be deemed untenable if twenty-five percent (25%) or less of each of those areas are condemned. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises or the Building or the Property 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 may terminate the Lease under this Section, provided that in no event shall Tenant's claim reduce Landlord's award.



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16. INSURANCE.

- a. **Tenant's Liability Insurance.** During the Lease term, Tenant shall pay for and maintain commercial general liability insurance with broad form property damage and contractual liability endorsements. This policy shall name Landlord, its property manager (if any), and other parties designated by Landlord as additional insureds using an endorsement form acceptable to Landlord, and shall insure Tenant's activities and those of Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees with respect to the Premises against loss, damage or liability for personal injury or bodily injury (including death) or loss or damage to property with a combined single limit of not less than \$2,000,000, and a deductible of not more than \$10,000. Tenant's insurance will be primary and noncontributory with any liability insurance carried by Landlord. Landlord may also require Tenant to obtain and maintain business income coverage for at least six (6) months, business auto liability coverage, and, if applicable to Tenant's Permitted Use, liquor liability insurance and/or warehouseman's coverage.
- b. **Tenant's Property Insurance.** During the Lease term, Tenant shall pay for and maintain special form clauses of loss coverage property insurance (with coverage for earthquake if required by Landlord's lender and, if the Premises are situated in a flood plain, flood damage) for all of Tenant's personal property, fixtures and equipment in the amount of their full replacement value, with a deductible of not more than \$10,000.
- c. **Miscellaneous.** ~~Tenant's insurance required under this Section shall be with companies rated A-/II or better in Best's Insurance Guide, and which are admitted in the state in which the Premises are located. No insurance policy shall be cancelled 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 notice to Landlord. Tenant shall deliver to Landlord upon commencement of the Lease and from time to time thereafter, copies of the insurance policies or evidence of insurance and copies of endorsements required by this Section. In no event shall the limits of such policies be considered as limiting the liability of Tenant under this Lease. If Tenant fails to acquire or maintain any insurance or provide any policy or evidence of insurance required by this Section, and such failure continues for three (3) days after notice from Landlord, Landlord may, but shall not be required to, obtain such insurance for Landlord's benefit and Tenant shall reimburse Landlord for the costs of such insurance upon demand. Such amounts shall be Additional Rent payable by Tenant hereunder and in the event of non-payment thereof, Landlord shall have the same rights and remedies with respect to such non-payment as it has with respect to any other non-payment of Rent hereunder. TENANT SHALL DELIVER TO LANDLORD UPON COMMENCEMENT OF THE LEASE AND FROM TIME TO TIME THEREAFTER, COPIES OF THE INSURANCE POLICIES OR EVIDENCE OF INSURANCE AND COPIES OF ENDORSEMENTS REQUIRED BY THIS SECTION. IN NO EVENT SHALL THE LIMITS OF SUCH POLICIES BE CONSIDERED AS LIMITING THE LIABILITY OF TENANT UNDER THIS LEASE.~~
- d. **Landlord's Insurance.** Landlord shall carry special form clauses of loss coverage property insurance of the Building shell and core in the amount of their full replacement value, and such other insurance of such types and amounts as Landlord, in its discretion, shall deem reasonably appropriate.
- e. **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 property insurance required to be carried or otherwise carried by each of them. Each party shall provide notice to the property insurance carrier or carriers of this mutual waiver of subrogation, and shall cause its respective property 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 property policies or to the extent of liabilities exceeding the limits of such policies.

17. INDEMNIFICATION



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- a. **Indemnification by Tenant.** Tenant shall defend, indemnify, and hold Landlord harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, for personal injury, bodily injury (including death) or property damage arising from any negligent or wrongful act or omission of Tenant or Tenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees on or around the Premises or the Property, or arising from any breach of this Lease by Tenant. Tenant shall use legal counsel reasonably acceptable to Landlord in defense of any action within Tenant's defense obligation.
 - b. **Indemnification by Landlord.** Landlord shall defend, indemnify and hold Tenant harmless against all liabilities, damages, costs, and expenses, including attorneys' fees, for personal injury, bodily injury (including death) or property damage arising from any negligent or wrongful act or omission of Landlord or Landlord's employees, officers, agents, ~~servants, contractors, customers, clients, visitors, guests~~ CONTRACTORS, or other licensees or invitees on or around the Premises or the Property, or arising from any breach of this Lease by Landlord. Landlord shall use legal counsel reasonably acceptable to Tenant in defense of any action within Landlord's defense obligation.
 - c. **Waiver of Immunity.** Landlord and Tenant each specifically and expressly waive any immunity that each may be granted under the Washington State Industrial Insurance Act, Title 51 RCW. Neither party's indemnity obligations under this Lease shall be limited by any limitation on the amount or type of damages, compensation, or benefits payable to or for any third party under the Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts.
 - d. **Exemption of Landlord from Liability.** Except to the extent of claims arising out of Landlord's gross negligence or intentional misconduct, Landlord shall not be liable for injury to Tenant's business or assets or any loss of income therefrom or for damage to any property of Tenant or of its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, other licensees or invitees, or any other person in or about the Premises or the Property.
 - e. **Survival.** The provisions of this Section shall survive expiration or termination of this Lease.
18. **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, conditioned, 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. In connection with each request for consent to a Transfer, Tenant shall pay the reasonable cost of processing same, including attorneys' fees, upon demand of Landlord, up to a maximum of \$1,250.
- 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 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 Transfer, Tenant shall provide Landlord with copies of all assignments, subleases and assumption agreement and documents.
19. **LIENS.** Tenant shall not subject the Landlord's estate to any liens or claims of lien. Tenant shall keep the Premises free from any liens created by or through Tenant. Tenant shall indemnify and hold Landlord harmless from liability for any such liens including, without limitation, liens arising from any Alterations. If a lien is filed against the Premises by any person claiming by, through or under Tenant, Tenant shall, within ten



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(10) days after Landlord's demand, at Tenant's expense, either remove the lien or 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.

20. DEFAULT. The following occurrences shall each constitute a default by Tenant (an "Event of Default"):

- a. **Failure To Pay.** Failure by Tenant to pay any sum, including Rent, due under this Lease following five (5) days' notice from Landlord of the failure to pay.
- b. **Vacation/Abandonment.** Vacation by Tenant of the Premises (defined as an absence for at least fifteen (15) consecutive days without prior notice to Landlord), or abandonment by Tenant of the Premises (defined as an absence of five (5) days or more while Tenant is in breach of some other term of this Lease). Tenant's vacation or abandonment of the Premises shall not be subject to any notice or right to cure.
- c. **Insolvency.** Tenant's insolvency or bankruptcy (whether voluntary or involuntary); or appointment of a receiver, assignee or other liquidating officer for Tenant's business; provided, however, that in the event of any involuntary bankruptcy or other insolvency proceeding, the existence of such proceeding shall constitute an Event of Default only if such proceeding is not dismissed or vacated within sixty (60) days after its institution or commencement.
- d. **Levy or Execution.** The taking of Tenant's interest in this Lease or the Premises, or any part thereof, by execution or other process of law directed against Tenant, or attachment of Tenant's interest in this Lease by any creditor of Tenant, if such attachment is not discharged within fifteen (15) days after being levied.
- e. **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 notice by Landlord to Tenant of the breach.
- f. **Failure to Take Possession.** Failure by Tenant to take possession of the Premises on the Commencement Date or failure by Tenant to commence any Tenant Improvement in a timely fashion.

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's sole remedy shall be to seek actual money damages (but not consequential or punitive damages) for loss arising from Landlord's failure to discharge its obligations under this Lease. Nothing herein contained shall relieve Landlord from its duty to perform of any of its obligations to the standard prescribed in this Lease.

Any notice periods granted herein shall be deemed to run concurrently with and not in addition to any default notice periods required by law.

21. 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 notice of termination from Landlord to Tenant 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 re-letting of the Premises by Landlord subsequent to the termination, after deducting all of Landlord's



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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 below.

- 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. To the fullest extent permitted by law, the proceeds of any reletting shall be applied: first, to pay Landlord all Reletting Expenses (defined below); 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 and after deducting Landlord's Reletting Expenses. "Reletting Expenses" are defined to include all expenses incurred by Landlord in connection with reletting the Premises, including without limitation, all repossession costs, brokerage commissions and costs of 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.
- 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 or any extension thereof.
- d. **Nonpayment of Additional Rent.** All costs which Tenant is obligated 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 the same rights it has with respect to 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



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in this Section shall limit Landlord's right to sell Tenant's personal property as permitted by law or to foreclose Landlord's lien for unpaid rent.

22. **MORTGAGE SUBORDINATION AND ATTORNMEN**. 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"). Tenant shall attorn to the holder of any Landlord's Mortgage or any party acquiring the Premises at any sale or other proceeding under any Landlord's Mortgage provided the acquiring party assumes the obligations of Landlord under this Lease. Tenant shall promptly and in no event later than fifteen (15) days after request, 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 to subordinate in the future are conditioned on the holder of each Landlord's Mortgage and each party 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 by Tenant exists.
23. **NON-WAIVER**. Landlord's waiver of any breach of any provision contained in this Lease shall not be deemed to be a waiver of the same provision 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 previous breach by Tenant.
24. **HOLDOVER**. If Tenant shall, without the written consent of Landlord, remain in possession of the Premises and fail to return the Premises to Landlord after the expiration or termination of this Lease, the tenancy shall be a holdover tenancy and shall be on a month-to-month basis, which may be terminated according to Washington law. During such tenancy, Tenant agrees to pay to Landlord 150% of the rate of rental last payable under this Lease, unless a different rate is agreed upon by Landlord. All other terms of the Lease shall remain in effect. Tenant acknowledges and agrees that this Section does not grant any right to Tenant to holdover, and that Tenant may also be liable to Landlord for any and all damages or expenses which Landlord may have to incur as a result of Tenant's holdover.
25. **NOTICES**. All notices under this Lease shall be in writing and effective (i) when delivered in person or via overnight courier to the other party, (ii) three (3) days after being sent by registered or certified mail to the other party at the address set forth in Section 1; or (iii) upon confirmed transmission by facsimile to the other party at the facsimile numbers set forth in Section 1. The addresses for notices and payment of rent set forth in Section 1 may be modified by either party only by notice delivered in conformance with this Section.
26. **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 action, whether in mediation or arbitration, at trial, on appeal, or in any bankruptcy proceeding.
27. **ESTOPPEL CERTIFICATES**. Tenant shall, from time to time, upon written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement specifying the following, subject to any modifications necessary to make such statements true and complete: (i) the total rentable square footage of the Premises; (ii) the date the Lease term commenced and the date it expires; (iii) the amount of minimum monthly Rent and the date to which such Rent has been paid; (iv) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way; (v) that this Lease represents the entire agreement between the parties; (vi) that all obligations under this Lease to be performed by either party have been satisfied; (vii) that there are no existing claims, defenses or offsets which the Tenant has against the enforcement of this Lease by Landlord; (viii) the amount of Rent, if any, that Tenant paid in advance; (ix) the amount of security that Tenant deposited with Landlord; (x) if Tenant has sublet all or a portion of the Premises or assigned its interest in the Lease and to whom; (xi) if Tenant has any option to extend the Lease or option to purchase the Premises; and (xii) such other factual matters concerning the



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Lease or the Premises as Landlord may reasonably request. Tenant acknowledges and agrees that any 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 to Landlord's request for the statement required by this Section, Landlord may provide the statement and Tenant shall be deemed to have admitted the accuracy of the information provided by Landlord.

28. **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, including any liability for any retained security deposit or prepaid rent, for which the transferee shall be liable, and Tenant shall attorn to the transferee.
29. **LANDLORD'S LIABILITY.** Anything in this Lease to the contrary notwithstanding, covenants, undertakings and agreements herein made on the part of Landlord are made and intended not as personal covenants, undertakings and agreements for the purpose of binding Landlord personally or the assets of Landlord but are made and intended for the purpose of binding only the Landlord's interest in the Premises, as the same may from time to time be encumbered. In no event shall Landlord or its partners, shareholders, or members, as the case may be, ever be personally liable hereunder.
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 act on Tenant's behalf. Tenant shall, within ten (10) days of 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.** 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. Landlord represents and warrants to Tenant that, to Landlord's knowledge without duty of investigation, there is no Hazardous Material on, in, or under the Premises as of the Commencement Date except as may otherwise have been disclosed to Tenant in writing before the execution of this Lease. If there is any Hazardous Material on, in, or under the Premises as of the Commencement Date which has been or thereafter becomes unlawfully released through no fault of Tenant, then Landlord 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 contamination.

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 Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, except with Landlord's prior consent and then only upon 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 or the Property; damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or the Property, or elsewhere; damages arising from any adverse impact on marketing of space at the Premises or the Property; 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, remedial, removal or restoration work, whether or not required by any federal,



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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 or the Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, results in any unlawful release of any Hazardous Material on the Premises or the Property, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises and the 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. The provisions of this Section shall survive expiration or termination of this Lease.

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.
33. **MERGER.** The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.
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 except for Tenant's Broker, if any, described and disclosed in Section 36 of this Lease), 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 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. Landlord represents and warrants to Tenant that except for Landlord's Broker, if any, described and disclosed in Section 36, 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 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.
 - c. **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.
 - 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



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of Washington.

- g. **Memorandum of Lease.** Neither this Lease nor any memorandum or "short form" thereof shall be recorded without Landlord's prior consent.
- h. **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 of them.
- i. **No Light, Air or View Easement.** Tenant has not been granted an easement or other right for light, air or view to or from the Premises. Any diminution or shutting off of light, air or view by any structure which may be erected on or adjacent to the Building shall in no way effect this Lease or the obligations of Tenant hereunder or impose any liability on Landlord.
- j. **Authority of Parties.** Each party signing this Lease represents and warrants to the other that it has the authority to enter into this Lease, that the execution and delivery of this Lease has been duly authorized, and that upon such execution and delivery, this Lease shall be binding upon and enforceable against the party on signing.
- k. **Time.** "Day" as used herein means a calendar day and "business day" means any day on which commercial banks are generally open for business in the state where the Premises are situated. Any period of time which would otherwise end on a non-business day shall be extended to the next following business day. Time is of the essence of this Lease.
35. **EXHIBITS AND RIDERS.** The following exhibits and riders are made a part of this Lease, and the terms thereof shall control over any inconsistent provision in the sections of this Lease:

Exhibit A: Floor Plan/Outline of the Premises

Exhibit B: Legal Description of the Property

Exhibit C: Tenant Improvement Schedule & WORK LETTER AGREEMENT

CHECK THE BOX FOR ANY OF THE FOLLOWING THAT WILL APPLY. CAPITALIZED TERMS USED IN THE RIDERS SHALL HAVE THE MEANING GIVEN TO THEM IN THE LEASE.

- ☒ Rent Rider
☐ Arbitration Rider
☐ Letter of Credit Rider
☐ Guaranty of Tenant's Lease Obligations Rider
☒ Parking Rider
☐ ~~Option to Extend Rider~~ BASE RENT AND ADDITIONAL RENT ADDENDUM
☒ Rules and Regulations
☒ TERMINATION OPTION & OPTION TO RENEW
☒ SELF INSURANCE RIDER

36. **AGENCY DISCLOSURE.** At the signing of this Lease, Landlord is represented by Al Robertson of NAI Puget Sound Properties (insert both the name of the Broker and the Firm as licensed) (the "Landlord's Broker"); and Tenant is represented by N/A (insert both the name of the Broker and the Firm as licensed) (the "Tenant's Broker").

This Agency Disclosure creates an agency relationship between Landlord, Landlord's Broker (if any such person is disclosed), and any managing brokers who supervise Landlord Broker's performance (collectively the "Supervising Brokers"). In addition, this Agency Disclosure creates an agency relationship between Tenant, Tenant's Broker (if any such person is disclosed), and any managing brokers who supervise Tenant's



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Broker's performance (also collectively the "Supervising Brokers"). If Tenant's Broker and Landlord's Broker are different real estate licensees affiliated with the same Firm, then both Tenant and Landlord confirm their consent to that Firm and both Tenant's and Landlord's Supervising Brokers acting as dual agents. If Tenant's Broker and Landlord's Broker are the same real estate licensee who represents both parties, then both Landlord and Tenant acknowledge that the Broker, his or her Supervising Brokers, and his or her Firm are acting as dual agents and hereby consent to such dual agency. If Tenant's Broker, Landlord's Broker, their Supervising Brokers, or their Firm are dual agents, Landlord and Tenant consent to Tenant's Broker, Landlord's Broker and their Firm being compensated based on a percentage of the rent or as otherwise disclosed on an attached addendum. Neither Tenant's Broker, Landlord's Broker nor either of their Firms are receiving compensation from more than one party to this transaction unless otherwise disclosed on an attached addendum, in which case Landlord and Tenant consent to such compensation. Landlord and Tenant confirm receipt of the pamphlet entitled "The Law of Real Estate Agency."

37. **COMMISSION AGREEMENT.** If Landlord has not entered into a listing agreement (or other compensation agreement with Landlord's Broker), Landlord agrees to pay a commission to Landlord's Broker (as identified in the Agency Disclosure paragraph above) as follows:

- ☐ \$ _____
☐ _____ % of the gross rent payable pursuant to the Lease
☐ \$ _____ per square foot of the Premises
☐ Other _____

Landlord's Broker ☐ shall ☐ shall not (shall not if not filled in) be entitled to a commission upon any expansion of the Premises pursuant to any right reserved to Tenant under the Lease, calculated ☐ as provided above or ☐ as follows _____ (if no box is checked, as provided above).

Any commission shall be earned upon execution of this Lease, and paid one-half upon execution of the Lease and one-half upon occupancy of the Premises by Tenant. Landlord's Broker shall pay to Tenant's Broker (as identified in the Agency Disclosure paragraph above) the amount stated in a separate agreement between them or, if there is no agreement, \$ _____ or _____ % (complete only one) of any commission paid to Landlord's Broker, within five (5) days after receipt by Landlord's Broker.

If any other lease or sale is entered into between Landlord and Tenant pursuant to a right reserved to Tenant under the Lease, Landlord ☐ shall ☐ shall not (shall not if not filled in) pay an additional commission according to any commission agreement or, in the absence of one, according to the commission schedule of Landlord's Broker in effect as of the execution of this Lease. Landlord's successor shall be obligated to pay any unpaid commissions upon any transfer of this Lease and any such transfer shall not release the transferor from liability to pay such commissions.

38. BROKER PROVISIONS

LANDLORD'S BROKER, TENANT'S BROKER AND THEIR FIRMS HAVE MADE NO REPRESENTATIONS OR WARRANTIES CONCERNING THE PREMISES, THE MEANING OF THE TERMS AND CONDITIONS OF THIS LEASE, LANDLORD'S OR TENANT'S FINANCIAL STANDING, ZONING, COMPLIANCE OF THE PREMISES WITH APPLICABLE LAWS, SERVICE OR CAPACITY OF UTILITIES, OPERATING COSTS, OR HAZARDOUS MATERIALS. LANDLORD AND TENANT ARE EACH ADVISED TO SEEK INDEPENDENT LEGAL ADVICE ON THESE AND OTHER MATTERS ARISING UNDER THIS LEASE.



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

LANDLORD:

TENANT:

LANDLORD:

TENANT:

BY:

BY:

ITS:

ITS:



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STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

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 _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 20____.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,

residing at _____

My appointment expires _____

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 _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 20____.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington,

residing at _____

My appointment expires _____



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STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

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 _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 20____.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing
at _____
My appointment expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

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 _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this _____ day of _____, 20____.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing
at _____
My appointment expires _____



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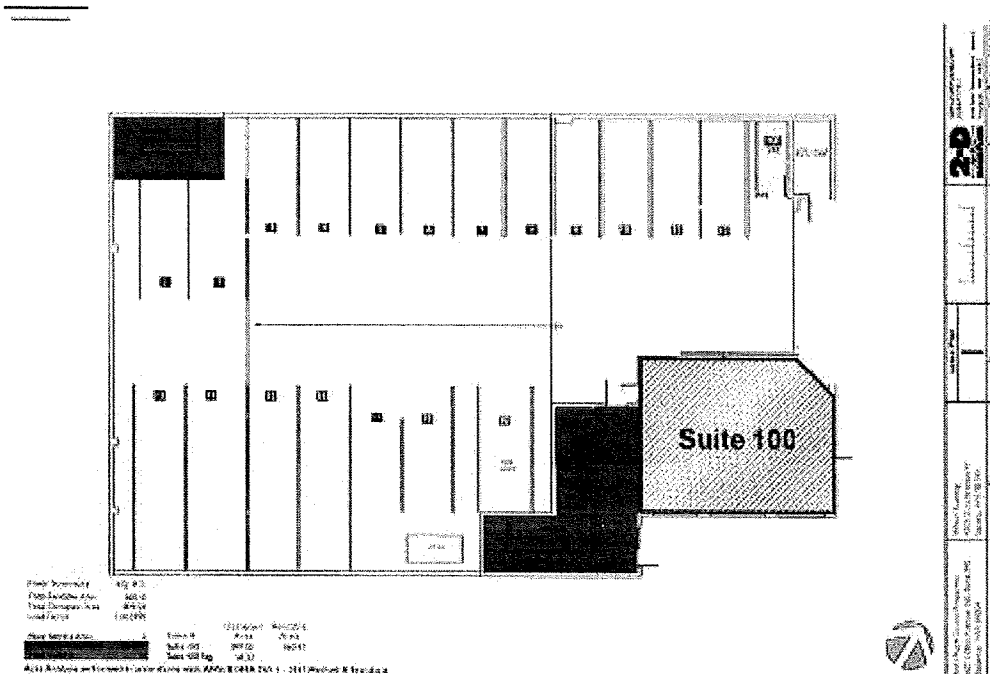


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EXHIBIT A

[Floor Plan/Outline of the Premises]





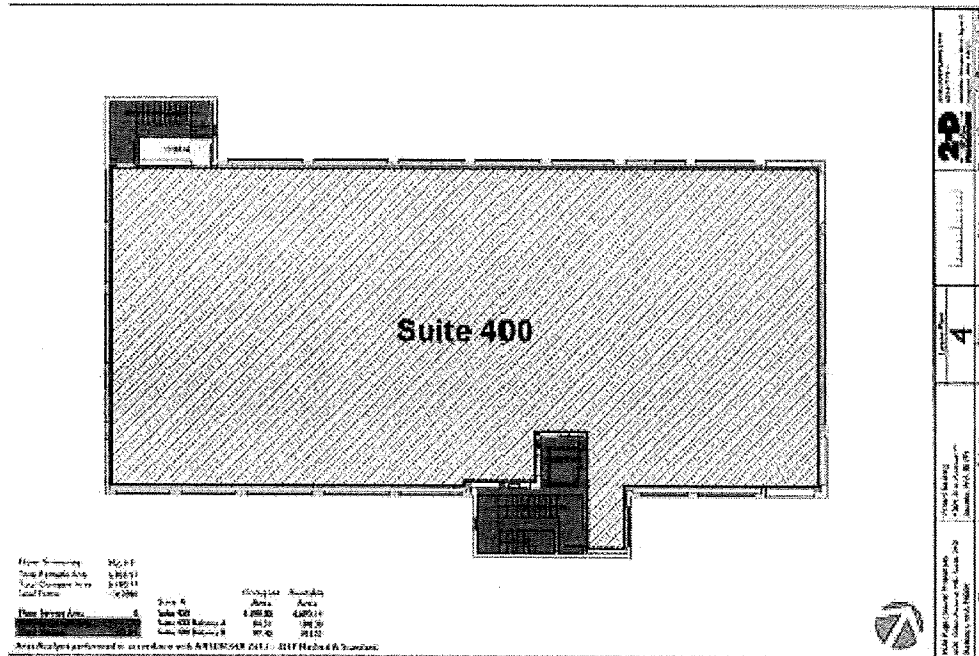
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EXHIBIT B

[Legal Description of the Property]

Lots 19, 20, and 21, Block 89, Gilman's Additions to the City of Seattle, as per plat recorded in Volume 5 of plats on page 83, records of King County, Washington, King County Property Account Number: H277110-05-38 situated in the County of King, State of Washington.



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EXHIBIT C

[Tenant Improvement Schedule]

1. Tenant Improvements to be Completed by Landlord

n/a

2. Tenant Improvements to be Completed by Tenant

n/a

Exhibit C

Tenant Improvement Schedule

Work Letter - DRAFT

Project: SPU DWW Wharf Building
Location: 4209 21st Ave. W.
Date: April 10, 2019

This Work Letter accompanies Space Plan drawings and serves as an attachment to a Lease Agreement. The work is described by PART I - SPECIFICATIONS and by PART II – ROOM OR AREA REQUIREMENTS. The Work Letter provides a description of requirements suitable for understandings at the time of lease and prior to the preparation of documents for design and construction.

PART I - SPECIFICATIONS

GENERAL REQUIREMENTS

1. All tenant improvement work will be under a Building Permit, except mechanical and electrical work will be under separate Mechanical and Electrical permits.
2. Contractor to comply with all building rules and conditions established by the Landlord.
3. Contractor to provide work and materials in accordance with the Building Permit and all local Codes and Ordinances.
4. All materials shall be new and free of asbestos, lead or other hazardous materials.
5. Prepare existing floors by cleaning and leveling to achieve an acceptable substrate condition as required by the selected floor finish manufacturer in order to receive new floor finishes.
6. Provide shall mean furnish and install.
7. Contractor to provide all fire and emergency systems required by code including emergency exit pathway lighting, semi-recessed fire extinguisher cabinets and extinguishers, audible alarms, smoke and heat detectors, strobes, and illuminated exit signs.
8. All public entry spaces, paths, and tenant spaces to comply with ADA accessibility for City staff and guest access.
9. Perimeter window covering to be provided by the landlord.
10. Tenant will provide wireless voice/data cabling and equipment. Landlord to provide data raceway and power.
11. Tenant will provide communications data cabling, IDF room and rooftop canopy equipment, and devices. Landlord to provide raceway, floor boxes, and equipment power.
12. Moveable equipment such as copiers, refrigerators, microwaves, water coolers, and coffee machines provided and installed by tenant.
13. Tenant will provide security door system suite card readers, equipment and programming. Landlord to provide card readers at two building entrances, one garage gate and one elevator compatible with Tenants card system. Landlord to provide electronic door hardware, raceway, power and wiring to card reader back box for three suite card readers.

Exhibit C

14. Building directory and standard building suite and door signage by Landlord. Custom suite signage and exterior signage by tenant.

DEMOLITION AND PREPARATION WORK PRIOR TO TENANT IMPROVEMENTS

1. Remove unused ductwork, HVAC equipment supports above ceiling.
2. Repair any non-functioning HVAC equipment or controls. Repair HVAC unit at east end with excessive rattling noise.
3. Fill in any unused floor existing floor penetrations with an appropriately rated fire seal assembly to match the floor fire rating.
4. Remove hangers, brackets and fasteners from walls and patch holes. Veneer plaster existing walls showing uneven textures or visible patching to a level four (4) finish.
5. Remove any existing unused data cabling.
6. Remove any unused brackets or supports.
7. Repair drywall ceilings where exposed to view with new exposed ceiling areas. Provide demolition as required to accommodate new construction.
8. Provide demolition as required to accommodate new construction.

DOOR ASSEMBLIES

1. 1 ¾" thick, solid core, rated as required, rift cut white oak veneer with the building standard stain. Door frames are plain sliced white oak 1 ¾" thick by wall thickness with the building standard stain. Door glazing to be clear ¼" tempered. Provide 3 mm film where noted by room/area. Core door for wire chase from hinge to lockset at swipe controlled doors. City Security contractor will provide card reader, PIR REX, and door contact.
2. Finish Hardware: Mortise locksets and latchsets equal to Sargent 8200 LW-1B 32D brushed stainless steel (SS) finish. Provide electro-magnetic locksets and electric transfer hinge at card reader control entry doors. Provide surface mounted aluminum jamb, head, and bottom acoustical seals and aluminum threshold on large meeting room door, Pemco – PemcoSTSet-4D or equal.
3. Relite Glazing: ¼" clear tempered up to eight (8) feet in height, set in 1 ¾" thick wood frames with integral stops to match doors and clear silicone butt joints. Provide glazing in four (foot) long panels unless noted otherwise.
4. Provide roller latch hardware with dummy matching pulls at coat closets.
5. Controlled Doors: Provide concealed pathway for 24v wiring pathway within door construction.
6. All hardware to be ADA compliant.

WOOD CASEWORK AND TRIM

1. Casework to be AWI custom grade construction with premium grade finish quality.
2. Wood composite products (particle board) to be urea formaldehyde free.
3. Construction to be flush overlay of plastic veneer. All exposed surfaces and edges to be plastic laminate, melamine not allowed. Concealed construction is melamine, white color. Plastic laminate selected from Formica, Wilsonart, or Nevamar from standard or first level premium color and pattern groups.

Exhibit C

4. Provide wall blocking and continuous cleats for support and anchorage.

NON-LOAD BEARING PARTITIONS

1. Non-load bearing partitions are 2 ½" x 25 gauge metal studs at 24" o.c. spacing with 5/8" thick type "X" gypsum wallboard (GWB), floor to underside of finished ceiling. Provide ½" black recessed reveal at suspended acoustical panel ceilings.
2. Full height partitions to deck, maximum height 13'-0" shall be 3 ½" metal stud at 24" o.c. with gauge as determined to meet a 1/240 deflection in non-wall tiled areas.
3. Sound batts in all partitions and above ceiling limited areas, 3" thick.
4. Sound batts placed above 2 ½" stud walls above ceilings two (2) feet on both sides, 3" thick.
5. Provide 5/8" GWB and metal furring over solid wood, masonry or concrete walls and columns for power and data raceway and boxes.

SUSPENDED CEILINGS

1. Provide 2'x2' suspended acoustical panel ceiling system with 2'x 2' suspended metal grid and 2' x 2' x 5/8" acoustical panels, .50 - .60 NRC, 35 – 39 STC range.
2. Provide open to structure ceilings over approximately 30% of the open office area.
3. Provide seismic bracing and perimeter movement detailing.

FLOOR FINISHES

1. Prepare existing concrete floor for new floor finishes with Ardex cementitious pourable and trowelable lightweight underlayment for new floor treatment according to floor finish manufacturers recommendations. Tile levelness requirements are greater than carpet requirements.
2. Carpet: Provide new carpet tile, 24" x 24" Manufacturer: Interface or equal. Provide 40 square feet surplus tile of each carpet tile to City.
 - a. Carpet 1: 24" x 24", Product - Detours, Color - 104716 Slate, or equal.
 - b. Carpet 2: 24" x 24", Product - Viva Colores, Color - 101126 Verde Primavera
 - c. Carpet 3: 9.69" x 39.38", Product - CT111, Color - 10646 Slate
3. Luxury Vinyl Tile (LVT), Manufacturer -Shaw Commercial or equal.
4. Static Dissipative Tile: Manufacturer -Armstrong or equal. Including grounding strip.
5. Rubber Base: 4" high coved base in roll. Manufacturer - Roppe, Color: 123 Charcoal or equal.
6. Transition Strips: Stainless steel transition strips, angle type and tapered type between dissimilar flooring materials.
7. Ceramic Wall Tile: 4" x 4" or larger
8. Ceramic Floor Tile: 2" x 2" or larger
9. Ceramic Floor/Wall Base: Matching wall tile unit.

WALL FINISHES

Exhibit C

1. Paint: Paint all new and existing partitions, walls, columns and GWB ceilings.
2. Paint all building elements such as drywall, ductwork, raceway, air handling units exposed to view with new exposed ceiling areas.
3. Use low VOC for Capital Green strategy.
4. Allow for one (1) primary field color and two (2) accent colors with a light reflectance level of greater than 40 percent. Accent areas to be less than 40 of total wall area.
5. Provide on new walls and ceilings a paint system of a tinted primer coat and two finish coats. Wall paint is eggshell finish, ceilings are flat finish. Any repainted doors and frames are semi-gloss finish.
6. Paint Schedule:
 - a. Primary Wall: Manufacturer: Sherwin Williams, Color: Pure White 7005 (for all carpet options).
 - b. Accent Color 1: To be selected.
 - c. Accent color 2: To be selected.

WINDOW TREATMENTS

1. Provide 1" horizontal metal operable mini-blinds. Manufacturer: Hunter Douglas Window Fashions, finish #981 Platinum Grey or equal. All operable window treatments to be in working order and free from damage or blemish.

MOVEABLE EQUIPMENT

1. The City will furnish to site for Contractor installation.
 - a. Café: a refrigerator, stove/oven, and microwave.
 - b. Locker rooms: Electric boot warmers.
 - c. Testing: Workbenches.
 - d. Laundry: Clothes washer and dryer, ice machine, vertical lab refrigerator, 3 compartment sink, SS table
2. The City will provide and install A/V equipment, workstations, data/voice cabling and equipment, workstations, and tables and chairs.

MECHANICAL

HEATING, VENTILATING AND AIR CONDITIONING

1. Modify existing HVAC VAV system for new tenant improvements.
2. Relocate existing VAV boxes as required for zones, access and control.
3. Modify and relocate control systems and thermostats for tenant improvements.
4. Do not operate HVAC system during construction. Cap all open ductwork to prevent dust accumulation during construction.
5. Fabricate new ductwork in round or rectilinear sections from the VAV box to diffusers with a maximum flex duct 6' long.
6. Provide new air filters at the completion of the project.
7. Provide air and water balancing according to the building and tenant improvement design requirements.
8. Provide booted "Z" shaped insulated returns at full height walls for acoustical design.

Exhibit C

9. Provide dedicated exhaust for toilet rooms and showers.
10. Testing Room Bench Exhaust. Provide dedicated switched exhaust with snorkel hood design, bottom of hood at seven feet (7') above finished floor positioned over bench area. Hood dimensions to be 30" x 30". Hood connected to ceiling penetration duct with flexible ductwork.
11. See painting requirements for open ceiling painting requirements.

PLUMBING FIXTURES

1. Provide ADA compliant fixtures.
2. Provide minimum 10" deep x 24" wide undermount SS sink at Café.
3. Provide cold water lines with shutoff valves and ¼" connection lines for refrigerator (furnished by City) at Café and Icemaker (furnished by City) in Laundry.
4. Porcelain recessed floor sink, 12" x 12" x 7" deep for ice maker drain in Laundry.
5. Provide domestic hot and cold water, waste and vent for laundry room equipment; clothes washer (furnished by City), floor slop sink, and 3-compartment sink (furnished by City). Refer to Room/Area requirements.
6. Provide a new electric water cooler with water bottle filler feature, ADA compliant.

ELECTRICAL

1. Devices and Colors: Provide uniform device and cover style and colors.
2. Provide light switching for each room and area.
3. Mounting Height: Mount receptacles at 18" above finish floor, except mount at 6" above countertops and at 60" at wall mounted flat screens unless as noted otherwise.
4. Voice/Data Raceway: Provide raceway for voice/data with mud rings, conduit, boxes, and pull strings. City will install cabling from server room to end points, bundle and hang cabling.
5. Security Raceway: Provide raceway for door security system including IDF Server room equipment, card readers, and request to exit devices.

City's Security contractor will provide:
 - a. Card reader, PIR Request to exit (REX), and door contact at the door.
 - b. ACS cable from the door to the IDF room
 - c. Provide dedicated City Door Control head end equipment with transformer and plug
 - d. connect to available 110v receptacle in the IDF room.
 - e. Tie and terminate door cable into head end equipment
 - f. Field device terminations
 - g. Programming and testing of the door control system
6. Voice/Data to Workstations: Size conduit based on Cat 6 cable size with one cable for each workstation, printer, screen or other connection point.
7. Wall mounted display screens and CPUs: Provide power and data supply to each screen, behind screen and coordinated with brackets.
8. Workstations: Provide electrical power supply to wall 18" above finish floor or floor boxes as a hardwired connection point for workstations. Provide floor boxes where workstations do not

Exhibit C

have a panel adjacent to a wall or column. Furniture installer will provide a flexible electrical whip. Electrician to connect electrical whip.

9. Controlled Outlets: Circuit offices and workstations as required for controlled outlets as required by 2015 City of Seattle Amendments, Energy Code, Section C405.14. A minimum of fifty percent (50%) of receptacles to be controlled by occupancy sensors.
10. Circuits specifically provided for equipment:
 - a. Copier: 20 amp, 110v, single phase
 - b. Refrigerator: 20 amp, 110v, single phase
 - c. Microwave: 20 amp, 110v, single phase
 - d. Coffeemaker: 20 amp, 110v, single phase
 - e. Stove/Oven: 30 amp, 220v, three (3) phase
 - f. Kitchen Hood: 20 amp, 110v, single phase
 - g. Server IDF: 20 amp isolated ground (IG), two circuits, 110v, single phase
 - h. Boot Dryers: 20 amp, 110v, single phase
 - i. Clothes Washer: 20 amp, 110v, single phase
 - j. Clothes Dryer: 30 amp, 220v, three (3) phase
 - k. Ice Machine: 20 amp, 110v, single phase
 - l. Vertical Lab Refrigerator: 20 amp, 110v, single phase
 - m. Electric Water Cooler: 20 amp, 110v, single phase
 - n. Hair Dryer: 20 amp, 110v, single phase

SECURITY SYSTEM

1. City's Security System or Building Security System using key card swipes will control:
 - o. Main suite entry
 - p. Rear stair suite entry
 - q. Parking garage entry
 - r. IDF Server Room

LIGHTING

1. Color: Ceiling and wall devices to be white in color.
2. Energy Code Compliance: Lighting to be designed to meet the Seattle Energy Code (SEC) and Washington State Energy Code (WSEC).
3. Occupancy Sensors: Offices and open office areas will be controlled by occupancy sensors. Controls to be Watt Stopper or equal.
4. Daylighting Sensors: Offices and open office areas will be controlled by daylighting sensors per dimension to window wall requirements. Controls to be Watt Stopper or equal.
5. Seismic Bracing: Provide seismic bracing for lighting.
6. Voltage: Designer to determine the lighting voltage based on electrical panel supply.
7. Provide 2'x 2' and 2' x 4" direct/indirect troffer LED fixtures at suspended ceiling areas. Refer to Room/Area requirements for specific requirements.
8. Provide cylindrical LED lighting level at full height to deck open ceiling areas.

Exhibit C

9. Conference Room: Provide fourteen dimmable LED 4.5" aperture down lights and eight dimmable wall LED washers.

FIRE SUPPRESSION

1. No fire suppression system exists on the fourth floor level.
2. A fire suppression system exists on the first floor. Provide sprinklers and coverage as required by code.
3. Provide emergency exit pathway lighting, emergency illuminated exit identification signs, fire alarm horns, smoke and heat detectors and strobes as required by the building system and by code.
4. Provide fire extinguisher semi-recessed cabinets and fire extinguishers as required and spaced per code. Extinguishers to be Underwriter's Laboratory 5 LB 3A-10BC multi-purpose.

PART II – ROOM OR AREA REQUIREMENTS

1. BUILDING ENTRANCE

- a. Provide tenant directory listing and tenant signage to match building standard.

2. ELEVATOR

- a. Provide ADA compliant controls and signage.

3. SUITE ENTRY (Near elevator)

- a. Full height partitions with GWB one side above ceiling height for suite security, with 3" acoustical batt.
- b. 36" wide x 96" high SC wood and full light tempered glass entry door and full height, full height and width glass relite with in 1 1/4" wood frame, stained.
- c. Key card reader to request exit device and inside sensor.
- d. Place blocking in wall for tenant custom signage.
- e. Carpet tile flooring with rubber base.
- f. Mud ring for Wall phone.
- g. Suspended acoustical ceiling with recessed LED lighting.
- h. Allow for one accent paint wall.

4. SECOND ENTRY (at rear stair)

- a. Existing door.
- b. Key card reader to request exit device and inside sensor.

5. FOCUS ROOM

- a. Seating for six in single swivel chairs at rectilinear table, by City.
- b. Full height partitions with GWB one side above ceiling height, 3" acoustical batt.
- c. Medium sized wall mounted flat screen with operating computer, duplex power and data box behind screen.
- d. Carpet tile flooring with rubber base.

Exhibit C

- e. 36" wide x 96" high SC wood and full light glass entry door and full height 36" full width glass relite with 3mm dusted translucent film 1" short of frame perimeter in 1 ¼" wood frame, stained.
- f. Provide wall duplex power/data recessed box.
- g. Suspended acoustical ceiling with two 2'x2' recessed direct/indirect LED lighting.
- h. Allow for one accent paint wall.

6. CONFERENCE ROOM

- a. Seating for twenty-six in single swivel chairs at folding storable tables, and side chairs along side walls by City
- b. Full height partitions with GWB one side above ceiling height, 3" acoustical batt.
- c. Furr out existing men's room wall (east wall) full length with 7/8" resilient channels at 24" o.c. horizontally with 5/8" GWB for acoustics. Extend any back boxes.
- d. Large wall mounted flat screen with operating computer by City, power and data box behind screen, and ADA protection rail.
- e. Carpet tile flooring with rubber base.
- f. 36" wide x 96" high SC wood and full light glass entry door with 3mm dusted translucent film 1" short of frame perimeter and full height 48" wide glass relite with 3mm dusted translucent film 1" short of frame perimeter, both in 1 ¼" wood frame, stained.
- g. Provide two floor power/data recessed box, flush floor trim, each with duplex power and data box, per code (new requirement).
- h. Ceiling: Suspended acoustical ceiling.
- i. Lighting: Provide fourteen dimmable LED 4.5" aperture down lights and eight dimmable wall LED washers. Provide occupancy sensor.
- j. Mechanical: Provide a dedicated VAV box and thermostat for a separate zone.

7. TABLE STORAGE ROOM

- a. Corner desk with small round meeting table and two chairs, by City.
- b. Carpet tile flooring with rubber base.
- c. Pair 36" wide x 96" high SC flush panel wood and doors in 1 ¼" wood frame, stained.
- d. Plastic laminate wall protection 48" high above 4" rubber base, aluminum edge trim.
- e. Ceiling: Suspended acoustical ceiling with recessed LED lighting.
- f. Full height partitions with GWB one side above ceiling height, 3" acoustical batt.

8. DIRECTORS OFFICE/SMALL MEETING ROOM

- a. Corner desk with small round meeting table and two chairs, by City.
- b. Full height partitions with GWB one side above ceiling height, 3" acoustical batt.
- c. Carpet tile flooring with rubber base.
- d. 36" wide x 96" high wood SC and full light glass entry door with 3mm dusted translucent film 1" short of frame perimeter and full height 24" wide glass relite with 3mm dusted translucent film 1" short of frame perimeter in 1 ¼" wood frame, stained.
- e. Suspended acoustical ceiling with two 2'x2' recessed direct/indirect LED lighting with occupancy sensor.
- f. Coat hook with wall backing.

Exhibit C

- g. A minimum of two duplex outlets adjacent to two voice/data mudrings.

9. TESTING

- a. Metal with wood top benches, by City. Power and data 42" high.
- b. LVT plank flooring with rubber base.
- c. 36" wide x 96" high wood and half light glass entry door and half height glass relite in 1 1/4" wood frame, stained.
- d. Full height partitions with GWB one side above ceiling height, 3" acoustical batt.
- e. Suspended acoustical ceiling with recessed LED lighting.
- f. Dedicated room exhaust exhausting the exterior with any return into the floor return air system.

10. OPEN OFFICE AREA

- a. Workstations with power and data in bottom of panel, by City. Electrical whip, by City to connect to coordinated building power and data point.
- b. Carpet tile flooring with rubber base.
- c. 36" wide x 96" high SC wood and full light glass entry door and full height 36" wide glass relite with 3mm dusted translucent film 1" short of frame perimeter in 1 1/4" wood frame, stained.
- d. 70 % suspended acoustical ceiling with 2'x2' and 2' x 4' recessed direct/indirect LED lighting and 30% open to painted structure above with cylindrical LED lighting level with suspended ceiling. Provide occupancy sensors.
- e. Allow for two accent paint walls.

11. STORAGE ROOM

- a. Carpet tile flooring with rubber base.
- b. 36" wide x 96" high SC wood door in 1 1/4" wood frame, stained.
- c. Ceiling: Suspended acoustical ceiling with recessed LED lighting.

12. COPY AREA and SUPPLIES

- a. Open floor area for printer by City, 60" wide with duplex power on dedicated circuit and voice/data mudring. 4' x 4' tackboard above.
- b. Carpet tile flooring with rubber base.
- c. Three lengths, 48" long, 48" long and 30" long of upper 12" deep wall cabinets with doors and adjustable shelves and lower 24" deep x 34" high cabinets with doors and adjustable shelf or drawers, solid core 1" thick composite countertop.
- d. Three duplex wall power outlets above countertop. One duplex for aquarium.
- e. Undercounter LED lighting below wall cabinets.
- f. 5" upper wall offset for LCD with power and data.

13. CAFÉ

- a. 36" wide x 96" high SC wood and full light glass entry door and full height and width glass relite in 1 1/4" wood frame, stained.

Exhibit C

- b. Open floor area for refrigerator, 36" wide with duplex power on dedicated 20a circuit, and recessed water valve box with valve with one water supply and valve with a ¼" line fitting for ice maker. Refrigerator by City.
- c. LVT plank type flooring and rubber base.
- d. Ceiling: Suspended acoustical ceiling with recessed LED lighting.
- e. Eighteen (18) linear feet of upper 12" deep wall cabinets with doors and adjustable shelves and lower 24" deep x 34" high cabinets with drawer, doors and adjustable shelf or drawers, solid core 1" thick composite countertop and 24" high tile backsplash. Undermount SS sink with ADA compliant gooseneck faucet and sprayer. Cutout for slide in stove/oven and hood.
- f. Three duplex wall power outlets above countertop on dedicated circuit with a timer for each.
- g. Two duplex wall power outlets and two voice/data mudrings above lunch counter.
- h. Undercounter slim LED lighting below wall cabinets.
- i. Composite countertop for tall stools.
- j. Duplex power outlet for microwave on dedicated circuit.
- k. 220v 30a dedicated circuit and exhaust hood vented to exterior. Electric slide in stove/oven by City.
- l. Three pendant lights over lunch counter. Allow \$250.00 per fixture.

14. LOCKER ROOMS – MEN and WOMEN

- a. 36" wide x 96" high SC wood flush panel door in 1 ¼" wood frame, stained.
- b. Install 18" wide x 18" deep tall metal enameled vented athletic lockers on wood base with sloped tops, padlock hasps, numbered. Lockers and tops provided by City. Base provided by Landlord.
- c. Solid flush panel entry door, 36" wide in 1 ¼" wood frame, stained.
- d. LVT plank type flooring and rubber base.
- e. Ceiling: Suspended acoustical ceiling with recessed LED lighting.
- f. One duplex wall power on separate circuit for boot dryer.

15. COAT CLOSET

- a. 36" wide x 96" high SC wood flush panel door in 1 ¼" wood frame, stained.
- b. Door Hardware: roller latch with dummy door knob.
- c. Melamine hat shelf and steel closet rod.
- d. Three clothes hooks with wall backing.
- e. Ceiling: Suspended acoustical ceiling with recessed LED lighting.

16. SINGLE STALL RESTROOMS- MEN AND WOMEN

- a. 36" wide x 96" high SC wood flush panel door in 1 ¼" wood frame, stained.
- b. ADA Compliant plumbing fixtures, mirrors, toilet accessories and one-piece grab bars.
- c. Ceramic tile walls to 54" high.
- d. Ceramic tile flooring and base.
- e. Two clothes hooks with wall backing.
- f. Gypsum Board hard lid ceiling with exhaust fan and recessed lighting.

Exhibit C

- g. Full height partitions with GWB one side above ceiling height for suite security, with 3" acoustical batt.
- h. Exhaust fan to exterior.

17. SHOWER (1)

- a. 36" wide x 96" high SC wood flush panel door in 1 ¼" wood frame, stained.
- b. Provide accessories including, full height mirror, SS shelf, and three clothes hooks with wall backing for each.
- c. Gypsum Board hard lid ceiling with exhaust fan and recessed lighting.
- d. Full height partitions with GWB one side above ceiling height for suite security, with 3" acoustical batt.
- e. Exhaust fan to exterior.
- f. ADA compliant fiberglass shower pan and drain kit with ADA lipped entry ½" high, shower curtain, vertically adjustable flex hose and spray head, folding shower seat, shower curtain, and grab bar.
- g. Ceramic tile walls to 72" at shower and 54" high for the rest of the room.
- h. Provide a hair dryer power receptacle on dedicated 110v 20 amp circuit above SS shelf.

18. LAUNDRY (First Floor)

- a. Provide acoustical wall and door enclosure around fire suppression riser and air compressor.
- b. 36" wide x building standard high SC wood flush panel door in building standard frame, finish to match hallway.
- c. Provide 20A 110V electrical circuit and domestic hot and cold water, include valve box and SS flex hoses and drain to clothes washer, furnished by City, installed by Contractor.
- d. Provide 30A 220V, 3-phase electrical circuit and direct exhaust venting with maximum 25 feet of duct length and exterior wall louver.
- e. Provide domestic hot and cold water and drain to City supplied 3-compartment SS sink, 24" deep x 84" wide, furnished by City, installed by Contractor.
- f. Provide 36" x 36" fiberglass floor slop sink with 4" high perimeter, domestic hot and cold water and drain.
- g. Porcelain recessed floor sink, 12" x 12" x 7" deep for ice maker drain in Laundry
- h. Provide 20A circuit for upright lab refrigerator, furnished by City, installed by Contractor.
- i. Provide 20A circuit for ice machine, furnished by City, installed by Contractor.
- j. Ceiling: Suspended acoustical ceiling with recessed LED lighting.
- k. Provide twelve linear feet of clothes rack.
- l. One 24" deep x 72" long SS table by City, installed by City.
- m. Provide an epoxy sealed floor paint.

19. SERVER ROOM (IDF)

- a. 36" wide x 96" high SC wood flush panel door in 1 ¼" wood frame, stained.
- b. Two (2) fourplex power outlet on two 20A circuits for City supplied communications and security equipment.

Exhibit C

- c. Two (2) 4' x 4' x 3/4" A/C fire-resistant plywood mounting sheets, painted to match wall.
- d. Flooring: static dissipative SDT flooring and rubber base.
- e. LED lighting wall mounted or suspended on emergency lighting circuit or with battery backup.
- f. Ceiling: Suspended acoustical ceiling with recessed LED lighting.

20. EXISTING RESTROOMS

- a. Provide full ADA accessibility.
- b. Provide a new electric water cooler with water bottle filler feature, ADA compliant, and power.

21. EXTERIOR DECKS (2)

- a. One WP duplex wall power outlets with WP voice/data box and cover.
- b. Gypsum Board hard lid ceiling with exhaust fan and recessed lighting.

22. CAPITAL GREEN STRATEGIES

- a. E.2.2.D - Use efficient lighting fixtures: Use LED lighting fixtures.
- b. C.3.1.B – Provide secure bike parking and shower/changing rooms: Secure bike parking and shower/changing rooms provided.
- c. IE.1.1.B - Use low-emitting interior paints and coatings: Use low VOC wall paint and water based epoxy floor paint.
- d. M.2.2.A - Implement a waste management plan to divert recycleable waste from the landfill: Contractor to provide total waste quantities and disposal site locations and quantities.
- e. M.2.2.A – Provide convenient and appropriately sized recycling collection and storage: Provide Building recycling bins.
- f. M .3.2.D – Use building materials that contain recycled content: Recycled content in GWB, suspended ceiling panels and carpeting to exceed 5% of total cost of building materials.
- g. IE .1.1.D Use wood and agrifiber products that contain no added urea formaldehyde: Use urea formaldehyde free particle board in casework construction.

End of Work Letter

Exhibit C

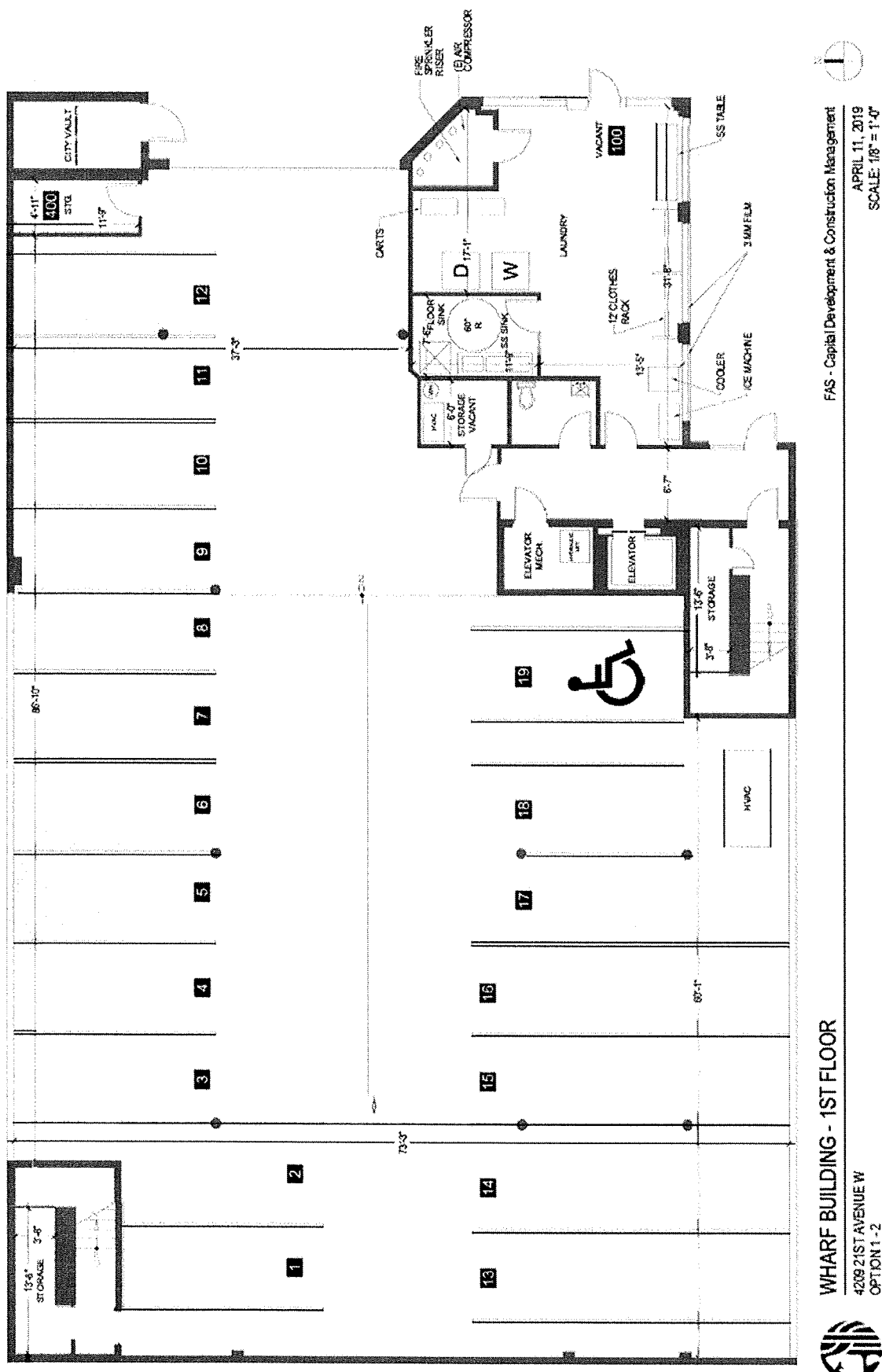
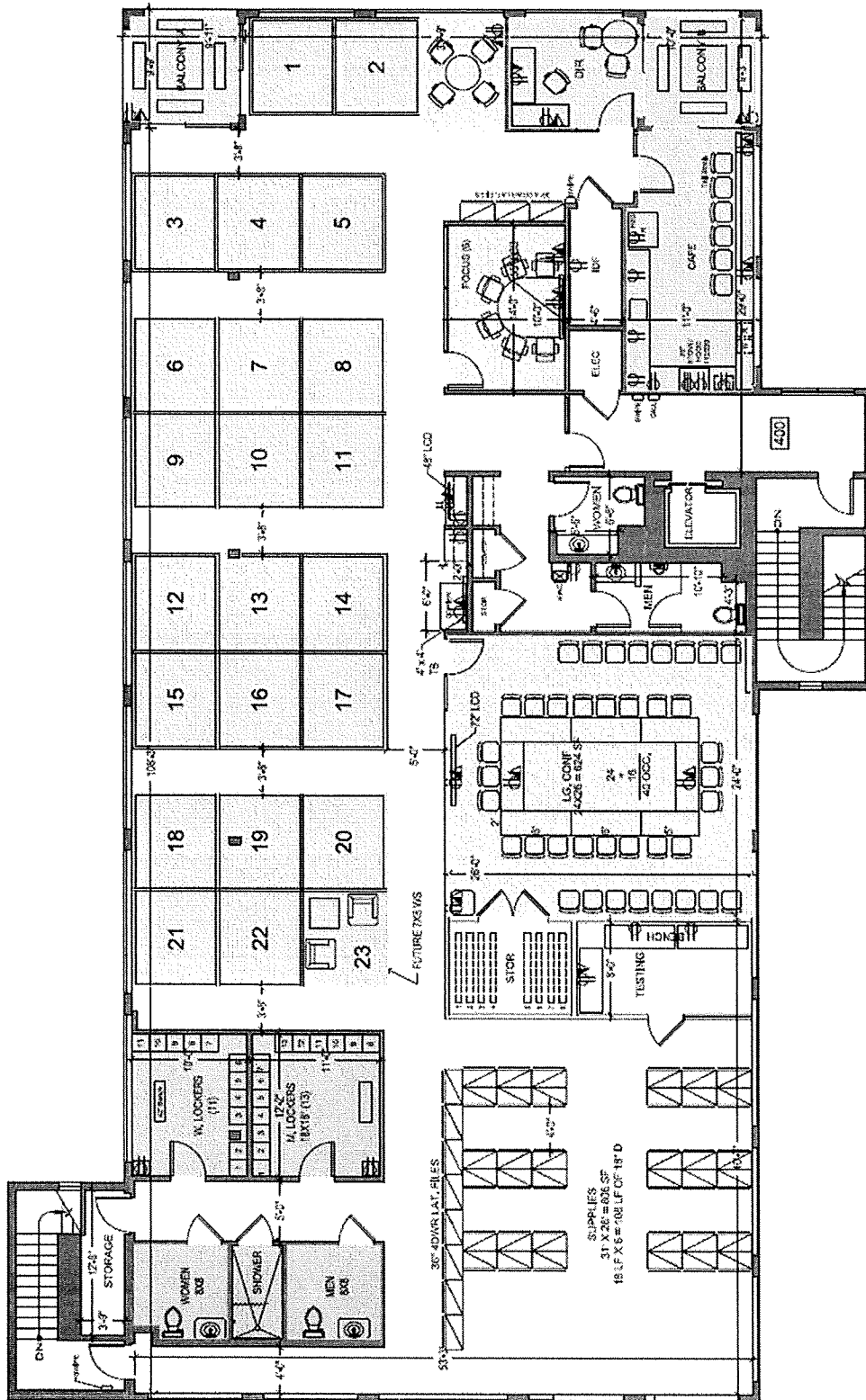


Exhibit C



FAS - Capital Development & Construction Management
APRIL 11, 2019
SCALE: 1/8" = 1'-0"

WHARF BUILDING - 4TH FLOOR
4208 21ST AVENUE W
TENANT IMPROVEMENT FLOOR PLAN



EXHIBIT C

WORK LETTER AGREEMENT

This Work Letter Agreement (the "Agreement") is dated for reference purposes as of the above-referenced date and is made by and between the undersigned Landlord ("Landlord") and Tenant as part of that certain Lease between the parties hereto dated the same date as this Agreement, affecting that real property commonly known as Wharf Building, located in the City of Seattle, County of King, State of Washington. Capitalized terms used, but not otherwise defined, in this Agreement shall have the meanings ascribed to those terms in the Lease. The following provisions are added to the Lease and, in the event of conflict between this Agreement and the Lease, this Agreement shall prevail.

1. **DEFINITIONS.** Wherever used in this Agreement, the following terms are defined as follows:

1.1 "Architect" means _____.

1.2 "Applicable Laws and Restrictions" means all laws (including, without limitation, the Americans with Disabilities Act), building codes, ordinances, regulations, title covenants, conditions and restrictions, and casualty underwriters requirements applicable to the Premises and the Improvements.

1.3 "Contractors" means the General Contractor and all other general contractors, design-build contractors, subcontractors and material suppliers who provide labor and materials for construction of the Improvements. To the extent required by Applicable Laws and Restrictions, each Contractor shall be duly licensed by the State of Washington and in good professional standing.

1.4 "Construction Costs" means all costs and charges incurred to complete the Leasehold Improvements, including without limitation the following:

1.4.1 Payments to Contractors for labor, material, equipment and fixtures supplied in accordance and associated Washington State Sales Taxes with this Agreement;

1.4.2 Fees paid to Designers for services required by this Agreement;

1.4.3 Taxes, fees, charges and levies by governmental and quasi-governmental agencies for Permits or for inspections of the work;

1.4.4 Utilities incurred in the course of the construction;

1.4.5 Premiums for builder's risk insurance and other insurance required by this Agreement; and

1.4.6 A fee payable to Landlord ("Landlord's Fee") equal to four percent (4%) of the Construction Costs, excluding Landlord's Fee, for Landlord's management and administration of the construction, including without limitation, wages, labor burden and expediting, procurement and administrative expenses.

1.5 "Construction Documents" means:

1.5.1 The Tenant's Space Plan;

1.5.2 Bid packages;

1.5.3 Construction contract;

1.5.4 Material supply agreements; and

1.5.5 Architect's agreement.

1.6 "Construction Schedule" means the schedule for commencement, prosecution and Substantial Completion of all Improvements, which shall be provided by Landlord.

1.7 "Cost Estimate" means the estimated total for Construction Costs of the Leasehold Improvements, prepared by Landlord based on the Contractors' and Designers' bid(s) for the construction of the Leasehold Improvements and approved by Tenant in accordance with Article 3 of this Agreement.

1.8 "Design Schedule" means the schedule for preparation, approval, disapproval, modification and completion of the Construction Documents and for obtaining Permits required for the Improvements, which shall be provided by Landlord.

1.9 "Designers" means the Architect and all other architects, structural engineers, mechanical engineers and the other design professionals needed to design the Improvements, each of whom shall be duly licensed by the State of Washington and in good professional standing.

1.10 "Force Majeure Delay" means a delay caused by a force majeure event beyond the reasonable control of the party required to perform including, without limitation, general strikes, inclement weather, utility curtailments, acts of God, unforeseeable governmental regulations, material shortages (excluding those described in Section 1.21.3), and terrorist acts.

1.11 "General Contractor" means the Contractor selected by Landlord pursuant to Section 4.1.

1.12 "Improvement Allowance" is the maximum amount Landlord is required to pay toward Construction Costs of the Leasehold Improvements, which amount is \$310,360.00 (generally based upon \$40.00 per rentable square foot of space located in the Premises). The Improvement Allowance may not be used for any other purpose, such as, but not limited to, furniture, trade fixtures or personal property.

1.13 "Improvements" means, collectively, the Landlord's Work and the Leasehold Improvements.

1.14 "Landlord's Representative" means Al Robertson (whose e-mail address for the purposes of this Work Letter is arobertson@nai-psp.com) or such other person as Landlord may designate in writing, from time to time, to Tenant as its authorized representative for the purposes of administering and amending this Agreement.

1.15 "Leasehold Improvements" means the improvements, modifications and alteration of the Premises to be constructed in or about the Premises in accordance with this Agreement.

1.16 "Permits" means the permits, approvals and consents of governmental authorities and third parties having jurisdiction over the Improvements and that are required for commencement and completion of the Improvements.

1.17 "Punchlist" is defined in Section 5.2.

1.18 "Substantial Completion or Substantially Completed" is defined in Section 5.1. The Substantial Completion Date is the date the Improvements are Substantially Completed.

1.19 "Scheduled Completion Date" means the scheduled date for Substantial Completion of the Improvements as specified in the Construction Schedule, as the same may be modified by the parties.

1.20 "Supplemental Allowance" - An amount up to \$_____ (generally based upon \$_____ per rentable square foot of space located in the Premises) which may be utilized by Tenant for the

Construction Costs for the Leasehold Improvements. In the event Tenant utilizes any portion of the Supplemental Allowance, Tenant shall repay the same to Landlord, as additional Base Rent, in substantially equal self-amortizing installments over the initial one hundred twenty (120) month Term of the Lease, together with interest on the balance outstanding from time to time at the rate of eight percent (8.0%) per annum. Promptly following the completion of the Leasehold Improvements and the determination of the total amount of the Supplemental Allowance utilized by Tenant, Landlord and Tenant shall acknowledge the amortization payment in the written confirmation of the Commencement Date referenced in Section 3.A. of the Lease.

1.21 "Tenant Delay" means any actual delay in the Substantial Completion of the Improvements as a consequence of:

1.21.1 Tenant's failure to fulfill its obligation as set forth in the Design Schedule, the Construction Schedule or this Agreement;

1.21.2 Change Orders requested by Tenant;

1.21.3 Unavailability of materials, components or finishes for the Leasehold Improvements that differ from Landlord's standard work or that have an unusually long lead-time for delivery; or

1.21.4 A willful or negligent act or omission of Tenant or Tenant's Representative, Tenant's Contractors or Designers, and/or Tenant's agents or employees that interferes with the progress of the work.

1.22 "Tenant's Representative" means an individual who shall be designated by Tenant in writing upon request by Landlord, and who shall be authorized as Tenant's representative for the purposes of administering and amending this Agreement.

1.23 "Tenant's Space Plan" means a specific description of Tenant's desired final Leasehold Improvements, attached as Exhibit C, and by this reference incorporated herein, which may include:

1.23.1 Design requirements;

1.23.2 Floor plan;

1.23.3 Any other information needed by the Designers for preparation of plans and specifications for the Improvements, including an initial construction budget; and

1.23.4 Those working drawings, plans, specifications, elevations, lighting designs and interior finish designs prepared by the Designers and approved by the parties in accordance with this Agreement.

2. **DESIGNATION OF REPRESENTATIVES.** Landlord and Tenant respectively appoint Landlord's Representative and Tenant's Representative as their sole representatives for the purposes of administering this Agreement. Until replaced upon written notice, Landlord's Representative and Tenant's Representative will have the full authority and responsibility to act on behalf of Landlord and Tenant, respectively, as required in this Agreement. Landlord's Representative and Tenant's Representative shall have authority to amend this Agreement and any of the Construction Documents so long as any such modification is in writing and signed by both Landlord's Representative and Tenant's Representative.

3. **CONTRACT DOCUMENTS AND PERMITS.**

3.1 Retention of Architect and Approval of Tenant's Space Plan. Landlord shall retain the Architect to prepare the plans and specifications for the Improvements. Landlord and Tenant have approved Tenant's Space Plan attached as Exhibit A to this Work Letter. Tenant acknowledges and agrees: (a) that Tenant's Space Plan accurately represents Tenant's plans for the Premises, (b) that the current budget estimates are based on Tenant's Space Plan, (c) Landlord will prepare Construction Documents based upon Tenant's Space Plan, and (d) THAT ANY MODIFICATION OF TENANT'S SPACE PLAN AFTER THE DATE OF THIS AGREEMENT MAY INCREASE THE COST OF THE LEASEHOLD IMPROVEMENTS.

3.2 Preparation and Approval of Construction Documents. Landlord shall cause the Architect to prepare Construction Documents, which generally conform to Tenant's Space Plan, on or before the last date specified in the Design Schedule for completion of such items. Landlord and Tenant shall review the Construction Documents, and deliver to the other party and to the Architect, said party's written approval or disapproval of the Construction Documents within the time limits stated in the Design Schedule. If the Construction Documents are disapproved in any respect by either party, the parties shall confer and negotiate in good faith to reach written agreement, using all reasonable efforts to achieve final agreement on such item by the last date for agreement specified in the Design Schedule. Tenant's failure to timely agree to the Construction Documents for reasons other than the Construction Documents being in consistent with the Tenant's Space Plan shall be deemed a Tenant Delay.

3.3 Standards for Consent.

3.3.1 By Landlord. Landlord shall not unreasonably withhold its approval of the Construction Documents.

3.3.2 By Tenant. Tenant may not withhold its approval of any change to any element of the Construction Documents required to obtain any required Permit for construction of the Improvements, provided such change does not result in the Construction Documents being inconsistent with the Tenant's Space Plan. Tenant shall not otherwise unreasonably withhold its approval to any other element of the Construction Documents.

3.3.3 Method for Disapproval. Any disapproval by Landlord or Tenant shall be accompanied by a written statement of the disapproved item, the reasons for disapproval and the specific changes required to make the item acceptable. If a party's written notice of disapproval is not delivered in accordance with the time limits and standards set forth in this section, approval shall be deemed given.

3.4 Application for Approvals. When Landlord and Tenant approve the Construction Documents, Landlord shall submit them to all appropriate governmental agencies and third parties for issuance of the Permits required for the construction of the Improvements and occupancy by Tenant of the Improvements for its intended use. Landlord shall use all reasonable efforts to obtain the Permits within the time permitted by the Design Schedule. Landlord shall not be responsible for any delay or denial of a Permit that is beyond its reasonable control.

3.5 Changes to Construction Documents. After agreed upon by the parties in accordance with the foregoing, the Construction Documents, established in accordance with this Article 3, may be modified only by a written "Change Order" executed by Landlord and Tenant, which clearly describes (a) the change, (b) the party required to perform the change, and (c) any modification of the Construction Documents necessitated by the Change Order. Neither Landlord nor Tenant shall unreasonably withhold or delay its approval of and change (whether requested by a party or required by an Applicable Law or Restriction), provided, however, that Landlord may withhold its approval of any change pursuant to Section 3.3.1.

4. PERFORMANCE OF THE WORK.

4.1 Selection of Contractors. When the parties have approved the Construction Documents and Landlord has obtained the Permits required for construction of the Improvements, Landlord shall prepare and circulate an appropriate bid package for bidding by one or more prospective General Contractor(s). When the bids are received and approved by Landlord, Landlord shall enter into a fixed price construction contract with the General Contractor selected by Landlord.

4.2 Commencement and Completion of Improvements. When all Permits for construction of the Improvements have been obtained and Landlord and the General Contractor have entered into a construction contract in accordance with Section 4.1, Landlord shall cause the General Contractor to commence and to diligently prosecute the construction of the Improvements in accordance with the Permits and the Construction Documents, so that the Improvements will be fully completed, subject to minor punch list items that do not affect Tenant's occupancy of the Premises, and a certificate of occupancy, or equivalent, permitting the lawful use of the Premises for office use has been issued, on or before the Scheduled Completion Date.

4.3 Standards for Performance of the Work. Landlord shall cause the Improvements to be constructed in a good and workmanlike manner, free from design, material and workmanship defects in accordance with the material Construction Documents and Applicable Laws and Restrictions. Notwithstanding anything to the contrary in the Lease or this Agreement, Tenant's acceptance of possession of the Improvements shall not waive this warranty and Landlord shall promptly remedy all violations of the warranty at its sole cost and expense.

5. COMPLETION OF THE WORK.

5.1 Substantial Completion. The Improvements shall be deemed "Substantially Complete" when: (a) Landlord determines construction of the Improvements has been substantially completed in accordance with the Construction Documents, and (b) the Architect has certified that the Improvements have been constructed substantially in accordance with the Construction Documents.

5.2 Inspection and Punchlist. Tenant's Representative and the Designers shall have the right to enter the Premises only with Landlord's prior written consent. Landlord shall notify Tenant's Representative when the Improvements are Substantially Completed. On receipt of such notice, Tenant's Representative, Landlord's Representative and the Architect shall promptly inspect the Improvements and prepare a final written list of any items that are defective, incomplete or do not conform to the Construction Documents or the Permits and Applicable Laws and Restrictions ("Punchlist").

5.3 Delay in Substantial Completion. If the Substantial Completion of the Improvements is delayed as a consequence of a Tenant Delay, then the Substantial Completion Date shall be advanced in time by the number of days that the Substantial Completion of the Improvements is delayed as a consequence of the Tenant Delay. Landlord shall have no liability for any delay of the Substantial Completion Date beyond the Scheduled Completion Date if caused by a Tenant Delay.

6. **PAYMENT OF CONSTRUCTION COSTS.**

6.1 **Duty to Pay Construction Costs.** Landlord shall pay the cost of the Landlord's Work. The cost of completing the Leasehold Improvements shall be funded as follows: (a) Landlord shall pay that portion of the Construction Costs of the Leasehold Improvements equal to, but not exceeding, the Improvement Allowance (and any portion of the Supplemental Allowance utilized by Tenant for the Construction Costs); (b) Tenant shall pay the Construction Costs of the Leasehold Improvements in excess of the Improvement Allowance (and any portion of the Supplemental Allowance utilized by Tenant for the Construction Costs). Tenant shall pay its share of the Construction Costs within thirty (30) days after receipt of an invoice therefor from Landlord.

6.2 **Unapplied Portion of the Improvement Allowance.** Landlord shall be exclusively entitled to the benefit of any unapplied portion of the Improvement Allowance in the construction of the Leasehold Improvements.

6.3 **Landlord's Construction Manager.** Tenant acknowledges that Landlord may employ a construction manager for the supervision and direction of the construction of the Leasehold Improvements (the "Construction Manager"). Tenant expressly acknowledges and agrees that the Construction Manager owes no duty of care or fiduciary duties to Tenant as a result of the Lease, this Work Letter, or the payment of any construction management fee to the Construction Manager, whether paid by Landlord or Tenant.

7. **RISK OF LOSS.**

7.1 **Builder's Risk Insurance.** At all time prior to the Substantial Completion Date, Landlord shall maintain so-called contingent liability and broad form "builder's risk" insurance with coverage in an amount equal to the replacement cost of the Premises and the Improvements to be constructed pursuant to this Improvement Agreement.



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RENT RIDER

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This Rent Rider ("Rider") is a part of the lease agreement dated , 2019 (the "Lease") between Broadacres, LLC, a Washington limited liability company ("Landlord") and The City of Seattle ("Tenant") concerning the space commonly known as 4209 21st Avenue W, Suite 100 & 400, Seattle, WA 98119 (the "Premises"), located at the property commonly known as The Wharf Building (the "Property").

- ☒ **1. BASE MONTHLY RENT SCHEDULE.** Tenant shall pay Landlord base monthly rent during the Lease Term according to the following schedule:

Lease Year (Stated in Years or Months)	Base Monthly Rent Amount
<u>Months 1 - 12</u>	<u>\$25,055.10</u>
<u>13-24</u>	<u>\$25,701.69</u>
<u>25-36</u>	<u>\$26,348.27</u>
<u>37-48</u>	<u>\$26,994.85</u>
<u>49-60</u>	<u>\$27,641.44</u>
<u>61-72</u>	<u>\$28,288.02</u>
<u>73-84</u>	<u>\$28,934.60</u>
<u>85-96</u>	<u>\$29,581.18</u>
<u>97-108</u>	<u>\$30,227.77</u>
<u>109-120</u>	<u>\$30,874.35</u>

- ☐ **2. CONSUMER PRICE INDEX ADJUSTMENT ON BASE MONTHLY RENT.** The base monthly rent shall be increased on the first day of the second year of the Lease and on the first day of each year of the Lease thereafter (each, an "Adjustment Date") during the term of this Lease (but not during any extension term(s) unless specifically set forth elsewhere in the Lease or another Rider attached thereto). The increase shall be determined in accordance with the increase in the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (all items for the geographical statistical area in which the Premises is located on the basis of 1982-1984 equals 100) (the "Index"). The base monthly rent payable immediately prior to the applicable adjustment date shall be increased by the percentage that the Index published for the date nearest preceding the applicable Adjustment Date has increased over the Index published for the date nearest preceding the first day of the Lease Year from which the adjustment is being measured. Upon the calculation of each increase, Landlord shall notify Tenant of the new base monthly rent payable hereunder. Within twenty (20) days of the date of Landlord's notice, Tenant shall pay to Landlord the amount of any deficiency in Rent paid by Tenant for the period following the subject Adjustment Date, and shall thereafter pay the increased Rent until receiving the next notice of increase from Landlord. If the components of the Index are materially changed after the Commencement Date, or if the Index is discontinued during the Lease term, Landlord shall notify Tenant of a substitute published index which, in Landlord's reasonable discretion, approximates the Index, and shall use the substitute index to make subsequent adjustments in base monthly rent. In no event shall base monthly rent be decreased pursuant to this Rider.

INITIALS: LANDLORD _____ DATE _____ TENANT _____ DATE _____
LANDLORD _____ DATE _____ TENANT _____ DATE _____



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PARKING RIDER

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This Parking Rider ("Rider") is made part of the lease agreement dated _____, 20__ (the "Lease") between Broadacres, LLC a Washington limited liability company and/or assigns ("Landlord") and City of Seattle ("Tenant") concerning the leased space commonly known as Suite 100 & 400 (the "Premises"), located at the property commonly known as 4209 21st Avenue W, Seattle WA 98119 (the "Property").

1. Tenant's Parking Rights. Tenant's right to park on the Property shall be as follows (check one):

- ☒ Tenant shall be entitled to use SIXTEEN (16) parking stalls on the Property or other designated parking area on a (check one) ☒ reserved ☐ unreserved (unreserved, if neither box checked) basis ~~at the prevailing monthly rate established by Landlord from time to time.~~ Tenant shall comply with the reasonable rules and regulations which Landlord or its parking operator may adopt from time to time for the safe and orderly operation of the parking areas.
- ☐ **Free Parking.** Tenant shall be entitled to share parking with Landlord's other tenants in the designated parking areas at no charge. Tenant shall be responsible for ensuring compliance with the terms of the Lease, this Rider, and any reasonable rules and regulations adopted by Landlord from time to time for the safe and orderly sharing of parking.
- ☐ **No Parking.** The Lease does not include parking on the Property, and Tenant shall park off the Property at Tenant's own expense.

2. "Tenant." For purpose of this Rider only, the term "Tenant" shall include Tenant and Tenant's employees, officers, contractors, licensees, agents, and invitees, except as follows: N/A.

INITIALS: LANDLORD _____ DATE _____ TENANT _____ DATE _____
LANDLORD _____ DATE _____ TENANT _____ DATE _____

BASE RENT AND ADDITIONAL RENT ADDENDUM

A. **Base Rent.** Subject to adjustment for expenses, taxes and required capital expenditures as set forth in this Addendum, Tenant shall pay Landlord the monthly Base Rent set forth in Section 1 in advance on or before the first day of each calendar month during the Term; provided, Tenant shall pay Rent for the first full calendar month for which Rent shall be due (and any initial partial month) when Tenant executes this Lease.

B. **Taxes and Expenses.** Tenant shall pay Landlord "Tenant's Share of Taxes" and "Tenant's Share of Expenses" in the manner described below. All such charges shall be deemed to constitute "Additional Rent" which shall be deemed to accrue uniformly during the calendar year in which the payment is due.

(i) During each calendar year after 2019 the Base Tax Year and Base Expense Year, Tenant agrees to pay as "Additional Rent" for the Premises, "Tenant's Share" (defined below) of all increases in Taxes and Expenses incurred by Landlord in the operation of the Building and Property, over the amount of the Taxes and Expenses incurred by Landlord in the operation of the Building and Property during the Base Tax Year and Base Expense Year, respectively. For purposes of this Lease, "Tenant's Share" shall mean the ratio between the rentable area of the Premises and the rentable area of the Building.

(ii) Prior to or promptly after the commencement of each calendar year following the Base Tax Year and Base Expense Year, Landlord shall give Tenant a written estimate of the anticipated increases in Taxes and Expenses over the Base Tax Year and Base Expense Year and Tenant's Share of such increases. Tenant shall pay such estimated amount to Landlord in equal monthly installments, in advance, without deduction or offset, on or before the first day of each calendar month, with the monthly installment of Base Rent payable Section (A) above. After the end of each calendar year, Landlord shall furnish to Tenant a statement showing in reasonable detail the actual increases over the Base Tax Year and Base Expense Year in the Taxes and Expenses incurred by Landlord during the applicable calendar year and Tenant's Share thereof. If the statement shows Tenant's Share of the actual increases exceeds the amount of Tenant's estimated payments, within thirty (30) days after receiving the statement, Tenant shall pay the amount of the deficiency to Landlord. If the statement shows Tenant has overpaid, the amount of the excess shall be credited against installments next coming due under this Section; provided, however upon the expiration or earlier termination of the Lease Term, if Tenant is not then in default under this Lease, Landlord shall refund the excess to Tenant.

(iii) If at any time during any calendar year of the Lease Term (other than during the Base Tax Year or Base Expense Year) the Taxes applicable to the Building and Property change and/or any information used by Landlord to calculate the estimated Expenses changes, Tenant's estimated share of such Taxes and/or Expenses, as applicable, may be adjusted accordingly effective as of the month in which such changes become effective, by written notice from Landlord to Tenant of the amount or estimated amount of the change, the month in which effective, and Tenant's Share thereof. Tenant shall pay such increase to Landlord as a part of Tenant's monthly payments of estimated Taxes or Expenses as provided above, commencing with the month following the month in which Tenant is notified of the adjustment.

(iv) For purposes of this Lease, the term "Expenses" means all costs of and expenses paid or incurred by Landlord for maintaining, operating, repairing, replacing, and administering the Building and Property, including all common areas and facilities and Systems and Equipment, and shall include the following costs by way of illustration but not limitation: water and sewer charges; insurance premiums; license, permit, and inspection fees; heat; light; power; steam; janitorial and security services; labor; salaries; air conditioning; landscaping; maintenance and repair of driveways and surface areas; supplies; materials; equipment; tools; the cost of capital replacements (as opposed to capital improvements); the cost of any capital improvements or modifications made to the Building by Landlord that are intended to reduce Expenses, are required under any Laws not applicable to the Building or Property or not in effect at the time the Building was constructed, or are made for the general benefit and convenience of all tenants

of the Building; all property management costs, including office rent for any property management office and professional property management fees; legal and accounting expenses; and all other expenses or charges which, in accordance with industry standard accounting and management practices, would be considered an expense of maintaining, operating, repairing, replacing or administering the Building or Property. Capital costs included in Expenses shall be amortized over such reasonable period as Landlord shall determine with a return on capital at the current market rate per annum on the unamortized balance or at such higher rate as may have been paid by Landlord on funds borrowed for the purpose of constructing such capital replacements or improvements.

(v) For purposes of this Lease, the term "Taxes" means all real estate taxes or personal property taxes and other taxes, surcharges and assessments, unforeseen as well as foreseen, which are levied with respect to the Building and Property and any improvements, fixtures and equipment and other property of Landlord, real or personal, located in the Building or on the Property and used in connection with the operation of the Building or Property and any tax, surcharge or assessment which shall be levied in addition to or in lieu of real estate or personal property taxes. The term "Taxes" shall also include any rental, excise, sales, transaction, privilege, or other tax or levy, however denominated, imposed upon or measured by the rental reserved hereunder or on Landlord's business of leasing the Premises, excepting only net income, inheritance, gift and franchise taxes.

(vi) Notwithstanding anything to the contrary contained above, as to each specific category of expense which one or more tenants of the Building, at Landlord's sole discretion, either pays directly to third parties or specifically reimburses to Landlord (e.g., separately metered utilities, separately contracted janitorial service, property taxes directly reimbursed to Landlord, etc.) such tenant(s) payments with respect thereto shall not be included in Expenses for purposes of this Paragraph, but Tenant's Share of each of such category of expense shall be adjusted by excluding from the denominator thereof the rentable area of all such tenants paying such category of expense directly to third parties or reimbursing the same directly to Landlord. Tenant shall not enter into separate contracts to provide any specific utility or service normally provided by the Building, without Landlord's prior written consent in Landlord's sole discretion. Moreover, if Tenant pays or directly reimburses Landlord for any such category of expense (which shall only be Landlord's prior consent), such category of expense shall be excluded from the determination of Expenses for Tenant to the extent such expense was incurred with respect to space in the Building actually leased to or occupied by other Tenants.

(vii) If the average occupancy of the Building is less than one hundred percent (100%) during any calendar year, Landlord will, in accordance with industry standard accounting and management practices, determine the amount of variable Taxes and Expenses (i.e. those items which vary according to occupancy levels) that would have been paid had the Property been one hundred percent (100%) occupied, and the amount so determined shall be deemed to have been the amount of Taxes and Expenses for such year.

C. **Prorations.** If the Term commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, the Base Rent and any other amounts payable on a monthly basis shall be prorated on a per diem basis for such partial calendar months. If the Base Rent is scheduled to increase other than on the first day of a calendar month, the amount for such month shall be prorated on a per diem basis to reflect the number of days of such month at the then current and increased rates, respectively. If the Term commences other than on January 1, or ends other than on December 31, Tenant's obligations to pay amounts under this Section towards Taxes and Expenses for such first or final calendar years shall be prorated on a per diem basis to reflect the portion of such years included in the Term.

D. **Payments After Lease Term Ends.** Tenant's obligations to pay its share of Taxes and Expenses (or any other amounts) as provided in this Lease accruing during, or relating to, the period prior to expiration or earlier termination of this Lease, shall survive such expiration or termination. Landlord may reasonably estimate all or any of such obligations within a reasonable time before, or anytime after, such

expiration or termination. Tenant shall pay the full amount of such estimate, and any additional amount due after the actual amounts are determined, in each case within ten (10) days after Landlord sends a statement therefor. If the actual amount is less than the amount Tenant pays as an estimate, Landlord shall refund the difference within thirty (30) days after such determination is made.

E. **Landlord's Accounting Practices and Records.** Unless Tenant takes exception by notice to Landlord within thirty (30) days after Landlord provides any statement to Tenant for any item of Additional Rent, such statement shall be considered final and binding on Tenant (except as to additional Expenses or Taxes not then known or omitted by error). If Tenant takes exception by notice within such time, Landlord may seek confirmation from Landlord's independent certified public accountant as to the proper amount of Taxes and Expenses determined in accordance with sound accounting practices. In such case: (i) such confirmation shall be considered final and binding on both parties (except as to additional expenses or taxes not then known or omitted by error), and (ii) Tenant shall pay Landlord for the cost of such confirmation, unless it shows that Taxes and Expenses were overstated by at least five percent (5%). Pending resolution of any such exceptions, Tenant shall pay all amounts shown on such Landlord's statement, subject to credit, refund or additional payment after any such exceptions are resolved.

F. **General Payment Matters.** Base Rent, Additional Rent which includes without limitation Tenant's Share of Taxes, Tenant's Share of Expenses and any other amounts which Tenant is or becomes obligated to pay Landlord under this Lease or other agreement entered in connection herewith, are sometimes herein referred to collectively as "Rent," and all remedies applicable to the nonpayment of Rent shall be applicable thereto. Rent shall be paid in good funds and legal tender of the United States of America without prior demand, deduction, recoupment, set-off or counterclaim, and without relief from any valuation or appraisal laws. Rent obligations hereunder are independent covenants. In addition to all other Landlord remedies (i) any Rent not paid by Tenant when due shall accrue interest from the due date at the Default Rate until payment is received by Landlord and (ii) in addition to such interest, Tenant shall pay Landlord a service charge of two hundred fifty dollars (\$250.00) or five percent (5%) of the delinquent amount, whichever is greater, if any portion of Rent is not received within five (5) business days after the due date. No delay by Landlord in providing any Rent statement to Tenant shall be deemed a default by Landlord or a waiver of Landlord's right to require payment of Tenant's obligations hereunder including those for actual or estimated taxes, expenses or capital expenditures. In no event shall a decrease in Taxes or Expenses, below their respective Base Tax Year and Base Expense Year levels, ever decrease the monthly Base Rent or give rise to a credit in favor of Tenant. Landlord may apply payments received from Tenant to any obligations of Tenant then accrued, without regard to such obligations as may be designated by Tenant.

WHARF BUILDING
Rules and Regulations

1. The premises shall not be used for lodging of any kind including caretakers or night watchmen. Cooking shall be done or permitted by any tenant on the premises when proper venting is installed, except for equipment used for brewing coffee, tea and hot water, provided such equipment is in accordance with all Federal, State and City laws, codes, ordinances, rules and regulations.
2. Pets of any kind shall not be permitted to be kept on or about the premises, except for licensed, certified service animals. Any violations of this rule will result in immediate expulsion of the animal from the building and default of the lease. In the event, Tenant or Tenant's employees allow the presence of domestic pet animal(s) in the Building or Property, Tenant shall be responsible to immediately remove and properly dispose of any waste from such animal and Tenant shall be solely responsible for any damage to person or property by or on account of such animal and shall defend, indemnify and hold Landlord harmless therefrom.
3. No signs or notices shall be installed or displayed outside or inside the building without prior written consent of the Landlord. Furthermore, tenant shall not place anything against windows, doors or partitions which may appear unsightly from the outside of the premises.
4. Tenant shall not obstruct any sidewalk, halls, passages, exits, entrances, elevators and stairways are not open to the general public. Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of the Landlord would be prejudicial to the safety, character, reputation and interest of the building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No Tenant and no employee or invitee of any tenant shall go upon the roof of this building.
5. Tenant shall not place a load upon any floor or elevator of the premises which exceeds the load per square foot which such floor or elevator was designed to carry and which is allowed by law.
6. Tenant shall not use or keep in the premises any kerosene, gasoline, or flammable or combustible fluid or material without proper and legal housing of this material and prior consent of the Landlord. Tenant shall not use or permit to be used in the premises any foul or noxious gas or substance, or permit or allow the premises to be occupied or used in a manner offensive or objectionable to Landlord or any other occupant of the building by reason of noise, odors, vibrations, nor shall tenant bring into or keep in or about the premises any birds or animals.
7. Compliance of Environmental Laws. The parties acknowledge that there are certain federal, state and local laws, regulations and guidelines now in effect and that additional laws, regulations and guidelines may hereafter be enacted, relating to or affecting the demised premises and the larger parcel of land upon which the demised premises may be a part, concerning the impact on the environment of construction, land use, the maintenance

and operation of structures and the conduct of business. Tenant shall not cause, or permit to be caused, any act or practice by negligence, or omission, or otherwise, that would adversely affect the environment or do anything or permit anything to be done that would violate any of said laws, regulations or guidelines. Any violation of this covenant shall be an event of default under this lease. Tenant shall indemnify and hold landlord harmless from any and all costs, expenses, claims, losses, damages, fines, and penalties, including reasonable attorneys fees, that may in any manner arise out of or be imposed because of the failure of tenant to comply with this covenant. The foregoing shall cover all requirements whether or not foreseeable at the present time and regardless of the expense attendant thereon.

8. Tenant shall close and lock the door if its premises and entirely shut off all water faucets or other water apparatus, and electricity, gas, and air outlets before tenant and its employees leave the premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the building or by Landlord for noncompliance with this rule.
9. The toilet rooms, toilets and urinals, wash bowls and other apparatus shall not be used for the purpose other than that for which they were constructed and no foreign substances of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it
10. Landlord reserves the right to exclude or expel from the building any person who, in the Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the rules and regulations of the building.
11. Tenant shall store all its trash and garbage within its premises. Tenant shall not place in any trash receptacle material which cannot be disposed of in any ordinary manner.
12. Security and lockup of the building exterior entrances and exits shall be the responsibility of all tenants. Landlord shall have the right to designate procedures for lockup in its discretion and deemed appropriate.
13. No sign, placard, picture, name, advertisement, or written notice visible from the exterior of tenant's premises will be inscribed, painted, affixed, or otherwise displayed by tenant on any part of the building or the premises without the prior written consent of landlord. Landlord will adopt and furnish to tenant general guidelines relating to signs inside the building on the office floors. Tenant agrees to conform to such guidelines. All approved signs or lettering on doors will be printed, painted, affixed, or inscribed at the expense of the tenant by a person approved by landlord. Other than draperies expressly permitted by landlord and building standard mini-blinds, material visible from outside the building will not be permitted. In the event of the violation of this rule by tenant, landlord may remove the violating items without any liability, and may charge the expense incurred by such removal to the tenant or tenants violating this rule.
14. No tenant will in any way deface any part of the premises or the building of which they

form a part. In those portions of the premises where carpet has been provided directly or indirectly by landlord, tenant will at its own expense install and maintain pads to protect the carpet under all furniture having casters other than carpet casters.

15. No tenant will alter, change, replace, or rekey any lock or install a new lock or a knocker on any door of the premises. Landlord, its agents, or employees will retain a pass (master) key to all door locks on the premises. Any new door locks required by tenant or any change in keying of existing locks will be installed or changed by landlord following tenant's written request to landlord and will be at tenant's expense. All new locks and rekeyed locks will remain operable by landlord's pass (master) key. Landlord will furnish each tenant, free of charge, with two (2) keys to each door lock on the premises and two (2) building/area access cards. Landlord will have the right to collect a reasonable charge for additional keys and cards requested by any tenant. Each tenant, upon termination of its tenancy, will deliver to landlord all keys and access cards for the premises and building that have been furnished to such tenant.
16. Canvassing, peddling, soliciting, and distributing handbills or any other written materials in the building are prohibited, and each tenant will cooperate to prevent the same.
17. No act or thing done or omitted to be done by landlord or landlord's agent during the term of the lease in connection with the enforcement of these rules and regulations will constitute an eviction by landlord of any tenant nor will it be deemed an acceptance of surrender of the premises by any tenant, and no agreement to accept such termination or surrender will be valid unless in a writing signed by landlord. The delivery of keys to any employee or agent of landlord will not operate as a termination of the lease or a surrender of the premises unless such delivery of keys is done in connection with a written instrument executed by landlord approving the termination or surrender.
18. In these rules and regulations, tenant includes the employees, agents, invitees, and licensees of tenant and others permitted by tenant to use or occupy the premises.
19. Landlord may waive any one or more of these rules and regulations for the benefit of any particular tenant or tenants, but no such waiver by landlord will be construed as a waiver of such rules and regulations in favor of any other tenant or tenants, nor prevent landlord from enforcing any such rules and regulations against any or all of the tenants of the building after such waiver.
20. These rules may be changed, modified, altered or added to at any time upon written agreement of the parties. Any such change must be in the best interest of both Tenant and Landlord and said change must have a legitimate and reasonable business purpose. Should Tenant and Landlord fail to reach agreement on any proposed change then whether or not said change shall be put into effect shall be settled by binding arbitration. The parties shall agree to the arbitrator to hear such dispute.

Termination Option & Option to Renew Rider

This Termination Option & Option to Renew Rider ("Rider") is a part of the lease agreement dated _____ (the "Lease") between Broadacres, LLC, a Washington limited liability company ("Landlord") and City of Seattle ("Tenant") concerning the space commonly known as 4209 21st Avenue W, Suite 100 & 400, Seattle, WA 98119 (the "Premises"), located at the property commonly known as The Wharf Building (the "Property").

Termination Option.

Tenant shall have the one-time right to terminate the Lease as of the end of the Month 96 of the Lease Term ("Termination Option") by providing to Landlord not less than twelve (12) months prior unconditional written notice of the exercise of this one time right ("Termination Notice"). Concurrent with and as a condition to the effectiveness of the Termination Notice, Tenant shall pay an early termination fee equal to the Base Monthly Rent otherwise due for Lease Term months 97 through 108 plus any Additional Rent during Lease term months 97-108 in accordance with the Base Rent and Additional Rent Addendum together with twenty percent (20%) of any brokerage fees paid in conjunction with the Lease.

Option to Renew.

Tenant has the option to renew this Lease for one (1) additional term of sixty (60) months, commencing on the day following expiration of the initial Term. Tenant shall exercise the Option to Renew by providing a written notice of exercise to Landlord no less than one hundred eighty (180) days prior to the end of the then current term of this Lease and as provided more specifically below. All of the terms and conditions of this Lease will remain the same during such renewal term except (1) Landlord shall have no obligation to make any improvements or changes to the Premises or to provide any allowance or funds for the improvement of the Premises or to pay any leasing commission and (2) the Basic Monthly Rent which shall be the fair market rental value of the Premises as of the commencement of the renewal terms; provided the new Basic Monthly Rent shall not be less than the Basic Monthly Rent payable during the last year of the immediately preceding term. Fair market rental value of the Premises shall be the amount of rent which a well-informed tenant, willing, but not obliged to lease the property, would pay, and which a well-informed landlord, willing, but not obligated to lease, would accept, taking into consideration all uses to which the property is adapted and might in reason be applied, the then market terms being offered in the greater Seattle area for space reasonably comparable to the Premises in size, location, parking availability and quality. On the first day of the thirteenth (13th) month of the renewal Terms of this Lease and each twelve (12) months thereafter, the Basic Monthly Rent shall be increased by two and one-half percent (2.5%) above the amount of the Basic Monthly Rent in effect immediately prior to such Rent Adjustment Date. Any delay or failure of Landlord, beyond the Rent Adjustment Date, in computing or billing for the Rent Adjustment hereinabove provided, shall not constitute a waiver of or in any way impair the Tenant's obligation to pay such Rent Adjustment hereunder.

If, after bargaining in good faith for no less than thirty (30) days, either party determines, by written notice to the other party, that the parties cannot agree on the amount of the then fair market rental value of the Premises, then the fair market rental value shall be established by binding arbitration with a single arbitrator in accordance with the following procedures. The arbitrator shall be a

Termination Option & Option to Renew Rider

commercial real estate owner, broker or developer with at least ten (10) years experience in the Seattle metropolitan area ("Arbitrator") selected jointly by the parties; if the parties do not agree as to the identity of the Arbitrator within twenty (20) days after the end of the thirty (30) day bargaining period, the then Presiding Judge of the Superior Court for King County, upon an appropriate request which either party may make, shall appoint the Arbitrator. Within ten (10) days of the appointment of the Arbitrator, the parties each shall submit in writing to Arbitrator the amount which they propose be established as the Basic Monthly Rent at the commencement of such renewal term ("Submissions"); such Submissions shall not be disclosed to the parties by Arbitrator until the Arbitrator has received both parties' Submission. Each party may include in such Submissions any information which such party deems relevant or helpful to the Arbitrator in determining the fair market rental value of the Premises including costs or benefits which such party or the other party would enjoy in the event of a renewal of the lease or amenities and advantages of the Premises and Property not likely to be available to a party in another location. Arbitrator shall study such evidence and information in determining such Basic Monthly Rent; provided that the Arbitrator's determination of the amount of such Basic Monthly Rent shall be confined and strictly limited to selection, as the more reasonable approximation of the fair market rental value of the Premises, of the amount stated in the Submission of Tenant or the Submission of Landlord, and Arbitrator may not select or declare any third number to be such Basic Monthly Rent. Except as to the Parties' Submissions, any other communication by a party to Arbitrator shall be in writing with a copy to the other party. Upon completion of his investigation of such Basic Monthly Rent, Arbitrator shall, no later than thirty (30) days after delivery of the Submissions, report in writing to each of the parties which party's Submission has been selected by him as the more reasonable approximation of the fair market rental value of the Premises without requirement of further substantiation or information; provided in no event may the new Basic Monthly Rent be less than the Basic Monthly Rent payable during the last year of the initial term. Each party shall pay its own costs of arbitration and one-half of the Arbitrator's fee.

Tenant's right to exercise the options to renew is subject to the following conditions precedent:

- The Lease must be in effect at the time the notice of exercise is given and on the last day of the term immediately preceding commencement of the renewal term.
- Tenant may not be in material default beyond applicable notice and cure periods under any provision of this Lease at the time notice of exercise is given.
- At least one hundred eighty (180) days before the last day of such term, Tenant shall, in writing, have given Landlord notice irrevocably and unconditionally exercising the option.
- Each party shall, at the request of the other, endorse on the original lease that party's signature or signatures, and date the option was exercised, and the words "Option Exercised". Alternatively, each party shall, at the request of the other, execute a memorandum, in recordable form, acknowledging the fact that the option has been exercised.

Self-Insurance Rider

1. Self-Insurance. Lessee shall have the right to self-insure for the general liability insurance required in Lessee's lease, on the following terms and conditions:

(a) "Self-insure" shall mean that Lessee is itself acting as though it were the insurance company providing the insurance required under the provisions hereof and Lessee shall pay any amounts due in lieu of insurance proceeds which would have been payable if the insurance policies had been carried, which amounts shall be treated as insurance proceeds for all purposes under this Lease.

(b) All amounts that Lessee pays or is required to pay and all loss or damages resulting from risks for which Lessee has elected to self-insure shall be subject to the waiver of subrogation provisions hereof, i.e. Lessee has waived any right of subrogation against Lessor, its insurers and other occupants of the Building, and shall not limit Lessee's indemnification obligations set forth herein.

2. In the event that Lessee elects to self-insure and an event or claim occurs for which a defense and/or coverage would have been available from the insurance company, Lessee shall:

(a) Undertake the defense of any such claim, including a defense of Lessor, at Lessee's sole cost and expense, and

(b) use its own funds to pay any third party liability claim or replace property or otherwise provide the funding which would have been available from insurance proceeds but for such election by Lessee to self-insure.

Lessee in its capacity as insurer shall be treated in the same manner and be subject to the same obligations as an independent third party insurer, and shall not be entitled to the benefit of any waivers or limitations applicable to Lessee in its capacity as Lessee under this Lease. Anything herein to the contrary notwithstanding, the parties to this Lease hereby agree that any plan of self-insurance shall provide each party and its beneficiaries with the same rights and protections it would have had if liability insurance had been purchased by the self-insuring party. The obligations of Lessee under this self-insurance paragraph are independent and shall remain in full force and effect notwithstanding any breach of any provision of the Lease by Lessor.

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
FAS SPU	Hillary Hamilton 684-0421 Ellen Stewart 615-0023	George Dugdale 733-9297

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the Department of Finance and Administrative Services; authorizing the Director of Finance and Administrative Services, on behalf of Seattle Public Utilities, to negotiate and execute real property lease agreements and amendments with Broadacres LLC, for office space and ancillary uses in the Wharf Building located at 4209 21st Ave W; and ratifying and confirming certain prior acts.

Summary and background of the Legislation:

This legislation authorizes the Department of Finance and Administrative Services (FAS) to enter into a Lease Agreement (the Lease) with Broadacres LLC or their Assigns, for the use by Seattle Public Utilities. (SPU)

SPU will use this space for the office of the Source Control Team which has 19 employees and 16 work vehicles. The team is responsible for protecting the drainage and wastewater systems in the city through business inspections, investigations and spill response. This work is done as part of the City's compliance with the Phase I Municipal Stormwater and Wastewater Permits. The 7,759 square feet of lease space will be used for office, locker rooms, and warehousing. Sixteen secure and reserved vehicle and equipment parking spaces are provided. The initial rental rate for the term of this lease is \$300,661 annually, (\$25,055 monthly) (\$38.75 per square foot per year) and includes all utilities, common area charges, parking and site security. The lease provides tenant improvements credit of \$40 per square foot. Accessibility improvements or other code required upgrades may result in the total tenant improvements costs to exceed the credit amount, although the lease allows for additional tenant improvements costs to be amortized over the lease term. The Lease provides for yearly increases.

The legislation is required because the leased space exceeds FAS's leasing authority (under Seattle Municipal Code 3.127 020.C1) of 5,000 square feet office space in any single building or other facility and \$26 dollars per square foot for a lease rate. The market rate for fully serviced lease space in this area is \$35- \$40 per square foot. This legislation authorizes the Director of FAS to enter a lease agreement, and to further amend and extend the lease agreement at the Wharf Building so long as the total square footage leased by the City does not exceed 10,000 square feet. FAS has verified that the lease payment per square foot is the fair market rate for similar office space and location. The ordinance allows for the flexibility to reduce or expand the space leased in this building as appropriate to the needs of the City without requiring new legislation for minor changes in operational needs.

Like most external leases, FAS will pay the lease costs to the landlord directly and get reimbursed by the tenant department, in this case, SPU.

The Source Control and Pollution Prevention (SCPP) Division moved into the Ballard Operations Building in 2017 from the Seattle Municipal Tower. The team does field inspection and sampling work and is best suited to a field facility to maximize efficiency. It also helped to consolidate staff from other floors of SMT onto 44 after a reorganization. The intention was that the SCPP Division would move to the South Operations Center in Fall 2019/early 2020 and would occupy that facility with the System Maintenance Division, who were being relocated from Charles Street.

In late 2018, the South Operations Center project was re-evaluated to focus on maximizing System Maintenance operational needs. As the Ballard Operations building and site is needed for up to eight years for construction of the Ship Canal Water Quality project, the SCPP Division needed a new location which is near the Ballard Operation Building where their boat is currently moored for spill response operations.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ Yes ☒ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ☐ Yes ☒ No

Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

The costs of not implementing this lease could result delays in the Ship Canal Construction Project.

Is there financial cost or other impacts of *not* implementing the legislation?

If this space is not leased, the team will not be able to vacate the Ballard Office Building in time Ship Canal Construction Project team's use. This would delay the start of a major capital improvement project.

3.d. Appropriations

☐ This legislation adds, changes, or deletes appropriations.

Appropriations Notes: Additional appropriation will not be needed in 2019 but will be added to the department's 2020 budget during the budget process.

3.e. Revenues/Reimbursements

 x This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Dept	Revenue Source	2019 Revenue	2020 Estimated Revenue
FAS Operating Fund 50300	FAS	SPU	-	\$ 325,480
TOTAL				

Is this change one-time or ongoing? This is an on-going charge for rents.

Revenue/Reimbursement Notes: The 2020 estimated revenue reflects lease rate potential lease rate increases due lease rate, utilities, taxes, and amortized tenant improvement costs.

3.f. Positions

 This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

This legislation is to provide rental office, equipment and locker room space for SPU's Source Control Team.

b. Is a public hearing required for this legislation?

No public hearing is required.

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?

This legislation does not involve purchase of real estate.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

This legislation does not require publication of notice.

e. Does this legislation affect a piece of property?

This legislation relates to lease of space in a building. A map is attached as Attachment 1 to this Summary and Fiscal Note.

- f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

This lease is for space in an existing vacant office building. It is not anticipated to have any impact on vulnerable or historically disadvantaged communities.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?**

This is not a new initiative or a programmatic expansion. It fulfills the long-term goals of the City to assure point source pollution is controlled.

List attachments/exhibits below:

Summary Attachment 1 – Map of Property Location

STATE OF WASHINGTON -- KING COUNTY

--SS.

375783

No. 125847 125848

CITY OF SEATTLE, CLERKS OFFICE

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

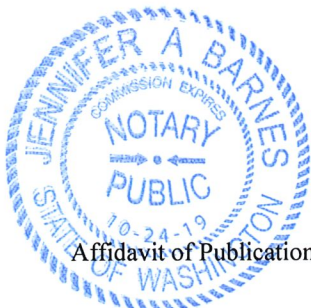
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT: TITLE ONLY ORDINANCES

was published on

07/12/19

The amount of the fee charged for the foregoing publication is the sum of \$51.75.



Jawara Elliott
Subscribed and sworn to before me on
07/12/2019
[Signature]
Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

Title Only Ordinances

The full text of the following legislation, passed by the City Council on June 17, 2019, and published below by title only, will be mailed upon request, or can be accessed at <http://seattle.legistar.com>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Ordinance 125847

Council Bill 119545

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Ordinance 125848

Council Bill 119541

AN ORDINANCE relating to the Department of Finance and Administrative Services; authorizing the Director of Finance and Administrative Services, on behalf of Seattle Public Utilities, to negotiate and execute real property lease agreements and amendments with Broadacres LLC for office space and ancillary uses in the Wharf Building located at 4209 21st Ave W; and ratifying and confirming certain prior acts.

Date of publication in the Seattle Daily Journal of Commerce, July 12, 2019.

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