



SEATTLE CITY COUNCIL

Legislative Summary

CB 118936

Record No.: CB 118936

Type: Ordinance (Ord)

Status: Passed

Version: 1

Ord. no: Ord 125289

In Control: City Clerk

File Created: 02/24/2017

Final Action: 04/14/2017

Title: AN ORDINANCE relating to a lease agreement for office space; authorizing the Director of Finance and Administrative Services to enter into a lease agreement with NearSU, LLC, a Washington limited liability company, for office space in the 464 12th Avenue Building to be used as the Central Customer Service Center; and ratifying and confirming certain prior acts.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Burgess

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Att 1 – Office Lease Agreement

Drafter: julie.tobin@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

Yes

No

Version:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	03/07/2017	Mayor's leg transmitted to Council	City Clerk			
1	City Clerk	03/07/2017	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	03/10/2017	sent for review	Affordable Housing, Neighborhoods, and Finance Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Affordable Housing, Neighborhoods, and Finance Committee						
	Notes:						

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|---|--|---|---------------------------------|--|------|
| 1 | Full Council | 03/20/2017 | referred | Affordable Housing, Neighborhoods, and Finance Committee | |
| 1 | Affordable Housing, Neighborhoods, and Finance Committee | 04/05/2017 | pass | | Pass |
| | Action Text: | The Committee recommends that Full Council pass the Council Bill (CB). | | | |
| | Notes: | In Favor: 2 Chair Burgess, Member Johnson | | | |
| | | Opposed: 0 | | | |
| 1 | Full Council | 04/10/2017 | passed | | Pass |
| | Action Text: | The Council Bill (CB) was passed by the following vote, and the President signed the Bill: | | | |
| | Notes: | In Favor: 9 Councilmember Bagshaw, Councilmember Burgess, Councilmember González , Council President Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember O'Brien, Councilmember Sawant | | | |
| | | Opposed: 0 | | | |
| 1 | City Clerk | 04/12/2017 | submitted for Mayor's signature | Mayor | |
| 1 | Mayor | 04/14/2017 | Signed | | |
| 1 | Mayor | 04/14/2017 | returned | City Clerk | |
| 1 | City Clerk | 04/14/2017 | attested by City Clerk | | |
| | Action Text: | The Ordinance (Ord) was attested by City Clerk. | | | |
| | Notes: | | | | |
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CITY OF SEATTLE

ORDINANCE 125289

COUNCIL BILL 118936

AN ORDINANCE relating to a lease agreement for office space; authorizing the Director of Finance and Administrative Services to enter into a lease agreement with NearSU, LLC, a Washington limited liability company, for office space in the 464 12th Avenue Building to be used as the Central Customer Service Center; and ratifying and confirming certain prior acts.

WHEREAS, the City has operated a Central Customer Service Center for over 15 years; and

WHEREAS, the existing Central Customer Service Center (CCSC) is in a shopping center that will be redeveloped, causing the need for the CCSC to relocate to a new location; and

WHEREAS, the Department of Finance and Administrative Services (FAS) evaluated proposals to provide office space in the Central area of Seattle, and has determined that office space in the 464 12th Avenue Building will best meet the needs of the customers of the CCSC; and

WHEREAS, NearSU, LLC is the current owner and landlord for the property located at 464 12th Avenue in the Central area of Seattle; and

WHEREAS, Seattle Municipal Code Section 3.127.020 requires City Council approval of lease agreements that exceed five years; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Director of Finance and Administrative Services (Director), or the Director's designee, is authorized to execute for and on behalf of The City of Seattle (City) the Office Lease Agreement between the City, as tenant, and NearSU, LLC, as landlord, in the form of Attachment 1 to this ordinance and identified as "Office Lease Agreement," with such minor and clarifying additions, deletions, and modifications as the Director deems to be in the best

1 interest of the City, to provide for the City's use and occupancy of a portion of the real property
2 located at 464 12th Avenue in Seattle.


3 Section 2. The initial term of the Lease Agreement is for ten years, beginning on the
4 commencement date specified in the Office Lease Agreement and expiring ten years thereafter.
5 Additionally, the Director or the Director's successor is authorized to extend the term of the lease
6 for up to two additional five-year extensions, as determined by the Director to be in the best
7 interest of the City, on the terms and conditions provided in the Lease Agreement.

8 Section 3. The rental payments contemplated by the terms of the Office Lease
9 Agreement authorized in Section 1 of this ordinance shall be charged to the appropriate
10 expenditure allowance or allowances in the budget of the Department of Finance and
11 Administrative Services.

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

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

4 Passed by the City Council the 10th day of April, 2017,
5 and signed by me in open session in authentication of its passage this 10th day of
6 April, 2017.

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8 President _____ of the City Council

9 Approved by me this 14th day of April, 2017.

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11 Edward B. Murray, Mayor

12 Filed by me this 14th day of April, 2017.

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14 Monica Martinez Simmons, City Clerk

15 (Seal)
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21 Attachments:
22 Attachment 1 – Office Lease Agreement

OFFICE LEASE AGREEMENT

THIS OFFICE LEASE AGREEMENT (the "Lease") is entered into this ___ day of _____, 2017, by and between NearSU, LLC, a Washington Limited Liability Company ("Landlord"), and City of Seattle, a Washington municipal corporation acting through its Finance and Administrative Services Department ("Tenant"). Landlord and Tenant agree as follows:

1. LEASE SUMMARY

a. Leased Premises. The commercial real estate leased (the "Premises") consists of an agreed area of 3,941 rentable square feet commonly known as Floor 1 of the building located at 464 12th Ave., Seattle, WA 98122 (the "Building"). The Premises and the Building are depicted on the floor plan attached as Exhibit A, and located on the land legally described on attached Exhibit B. 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 structural elements of 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 herein as the "Property."

b. Lease Commencement Date. The target Commencement Date of this Lease shall be June 1, 2017, but only represents an estimate. The Commencement Date shall be the first to occur of the following events: (i) ten (10) days after Landlord notifies Tenant of substantial completion of Landlord's Work as detailed in section 6.3 of the attached Work Letter; or (ii) the date on which Tenant takes possession of the premises for purposes other than completing tenant improvements. The Tenant shall have the right to enter the Premises and take possession two weeks prior to the Commencement Date for the sole purpose of installing cabling, furniture, fixtures, and for preparing the Premises for Tenant's Permitted Use.

c. Lease Termination Date. The Lease shall terminate at midnight 120 months after Commencement Date, or such earlier or later date as provided in Section 3 (the "Termination Date"). Notwithstanding the foregoing, if the Commencement Date is not on the first day of the month, the Termination Date shall be on the last day of the 120th month after the Commencement Date.

d. Base Rent. The base monthly rent ("Base Rent") shall be according to the Rent Rider attached hereto. 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 \$7,675.16 as prepaid rent, to be applied to the Base Rent due for the fourth month of the Lease.

f. Security Deposit. The Landlord has agreed to waive the required security deposit for Tenant.

g. Permitted Use. The Premises shall be used only for general offices and as a neighborhood service center, and for no other purpose without the prior written consent of Landlord.

h. Notice and Payment Addresses:

Landlord:

Rent Payments: All payment should be payable to:
NearSU, LLC
2900 NE Blakekey St., Suite B
Seattle, WA 98105

Notices:

All notices should be sent to:
NearSU, LLC
Attn: Joe Brotherton
2900 NE Blakeley St., Suite B Fax No.: **206-323-8040**
Seattle, WA 98105

Tenant:

City of Seattle
Facility Operations
PO Box 94689
Suite 5200
Seattle, WA 98124-4689

i. Tenant's Pro Rata Share. Landlord and Tenant agree that Tenant's pro rata share of Operating Costs under Section 8 is 23.64% ("Tenant's Pro Rata Share") based on the ratio of the agreed rentable area of the Premises to the agreed rentable area of the Building (16,668rsf) as of the date of this Lease. The initial estimate for the NNN expenses for the calendar year of 2017 is \$8.00/rsf/year. This amount will be adjusted annually, based on the initial year's occupancy. At no point, shall the annual NNN expenses increase by more than 3%.

j. Parking. Tenant shall have the right to 4 reserved parking stalls; 2 in the parking garage and 2 in the outside lot. The parking rights under this Subsection 1.j shall be at no additional charge and included in the Base Rent. In addition, Landlord shall provide two (2) designated parking stalls free of charge for "30 minute customer parking" to be used by customers and invitees of all Building tenants on a first-come-first-serve basis in the surface parking lot, during regular business hours of 8am to 5pm Monday through Friday.

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

3. TERM; CONDITION OF PREMISES.

a. Commencement Date; Lease Year. The Lease shall commence on the Commencement Date specified in Section 1(b). The first "Lease Year" shall commence on the Commencement Date and shall end on the last day of the month which is twelve (12) months after the Commencement Date. 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.

b. Initial Term; Options to Renew. This Lease shall be for an initial term of ten years (the "Initial Term") beginning on the Commencement Date and ending on the Termination Date. Provided Tenant does not have an uncured Event of Default at the time for giving

notice, Tenant shall have the option to extend the Lease for two (2) successive terms of five (5) years each (each an "Extended Term") by providing Landlord with no less than nine (9) and no more than twelve (12) months written notice. Each Extended Term shall be under the same terms and conditions herein, except for Base Rent which shall be adjusted to 100% fair market rental rates, and the base year (if any) used for the calculation of adjustments to Operating Expenses shall reset. As used herein, the "Term" or "Lease Term" shall mean the Initial Term and any Extended Terms.

c. Condition 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 and the condition of all mechanical, electrical, and other systems on the Premises. Except for the tenant improvements described on the Work Letter Agreement attached as Exhibit C which are to be completed by Landlord (defined herein as "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 for Tenant to complete any such items shall not delay the Commencement Date.

Responsibilities for design, payment and performance of all Landlord's Work shall be as set forth on attached Exhibit C. If Tenant fails to notify Landlord of any defect in the Landlord's Work within ten (10) days of the Commencement Date, Tenant shall be deemed to have accepted the Premises in its condition as of the Commencement Date, excepting any latent defects not discoverable by Tenant in the exercise of diligent inspection. If Tenant discovers any major defects in the Landlord's Work during Tenant's early occupancy of the Premises for Tenant's move-in that would prevent Tenant from using the Premises for its Permitted Use, Tenant shall so notify Landlord in writing and the Commencement Date shall be delayed until after Landlord has corrected the major defects and Tenant has had five (5) days to inspect and approve the Premises after Landlord's correction of such defects. 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 its Permitted Use. Tenant shall prepare a punch list of all minor defects and provide the punch list to Landlord. Landlord shall promptly correct all punch list items.

4. **RENT.** Beginning on the first day of month four (4) of the Term, Tenant shall pay Landlord without demand, deduction or offset, in lawful money of the United States, (i) the monthly Base Rent provided in the Rent Rider in advance on or before the first day of each month during the Lease Term, and (ii) the monthly amount of Tenant's Pro Rata Share of Operating Expenses due under Section 8. Any other payments which may be due from Tenant under this Lease shall be paid in the time required under this Lease. Monthly Base Rent, Tenant's Pro Rata Share and any other payment due under this Lease are collectively referred to herein as "Rent". Payments for any partial month at the beginning or end of the Lease Term shall be prorated.

If any sums payable by Tenant to Landlord under this Lease are not received by the tenth (10th) day of each month, Tenant shall pay Landlord in addition to the amount due, for the cost of collecting and handling such late payment, a late fee of \$50. In addition, all delinquent sums payable by Tenant to Landlord and not paid within ten (10) days of the

due date shall, at Landlord's option, bear interest at the rate of twelve percent (12%) per annum, or the highest rate of interest allowable by law, whichever is less. Interest on all delinquent amounts shall be calculated from the original due date to the date of payment.

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

5. SECURITY DEPOSIT. RESERVED

6. USES. The Premises shall be used only for the use(s) specified in Section 1(g) above (the "Permitted Use"), and for no other business or purpose without the prior written consent of Landlord, which shall not be unreasonably withheld or delayed. No act shall be done on or around the Premises that is unlawful or that will increase the existing rate of insurance on the Premises or the Building, or cause the cancellation of any insurance on the Premises or the Building. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance. Tenant shall not do or permit anything to be done in the Premises or on the Property which will obstruct or interfere with the rights of other tenants or occupants of the Property, or their customers, clients and visitors, 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, to the best of Landlord's knowledge, as of the Commencement Date the Premises comply with all applicable laws, rules, regulations, or orders, including without limitation, the Americans with Disabilities Act, if applicable, and Landlord shall be responsible to promptly cure any noncompliance which existed on the Commencement Date. Tenant shall be responsible for complying with all laws applicable to the Premises as a result of Tenant's particular use, such as modifications required by the Americans With Disabilities Act as a result of Tenant's opening the Premises to the public as a place of public accommodation. If the enactment or enforcement of any law, ordinance, regulation or code during the Lease term requires any changes to the Premises during the Lease term, the Tenant shall perform all such changes at its expense if the changes are required due to the nature of Tenant's activities at the Premises, or to alterations that Tenant seeks to make to the Premises; otherwise, Landlord shall perform all such changes at its expense.

8. OPERATING COSTS.

The Base Rent paid by the Tenant under this Lease includes Tenant's Pro Rata Share of Operating Expenses (as hereinafter defined), for 2017 (the "Base Year"). Commencing June 1, 2018, and thereafter on the first day of each month in addition to Tenant's payment of Base Rent, Tenant will pay as Additional Rent one-twelfth of the amount, if any, by which Tenant's pro rata share of Operating Expenses exceeds the Tenant's annualized pro rata share of Operating Expenses for the Base Year.

For purposes of this Lease, the term "Operating Expenses" shall include the following: (i) the general real estate taxes levied on the Building and the Property, (ii) property insurance premiums on the Building, (iii) utilities paid by Landlord under Section 9, and (iv) CAM Charges (as hereinafter defined) incurred by Landlord.

Within two (2) months following the close of each lease year, Landlord shall provide the City an accounting showing in reasonable detail all computations of the annual Operating Expenses. Tenant shall have the right to conduct an audit of all of Landlord's books and records relating to the calculation of Tenant's Pro Rata Share of Operating Expenses. Such audit shall be conducted at a location agreed upon by the parties, provided, however, if the parties are unable to agree upon a location, then the audit shall be conducted at the Premises. In the event the accounting shows the total of the monthly payments made by Tenant is less than the amount of Tenant's Pro Rata Share of the actual Operating Expenses due hereunder, the additional amount due shall be paid by Tenant within thirty (30) days after completion of the audit. In the event that the accounting shows that the total of the monthly payments made by Tenant exceeds the amount of Tenant's Pro Rata Share of the actual Operating Expenses due hereunder, Landlord shall refund the overpayment to Tenant within thirty (30) days after the completion of the audit. Further, if Tenant's audit reveals that Tenant has overpaid Operating Expenses by greater than three percent (3%) of the actual amount of Tenant's Pro Rata Share of Operating Expenses during the applicable Base year, Landlord shall pay the reasonable costs of the City's audit.

The term "CAM Charges" as used herein shall mean all normal and customary costs and expenses incurred by Landlord for the routine maintenance, repair and operation of the Building and Common Areas, excluding only the following: (1) any insured casualties; (2) lease negotiation expenses (including attorney's fees), leasing commissions, advertising expenses and tenant fit-out expenses; (3) interest or principal payments on any Mortgage (as hereinafter defined); (4) any depreciation allowance or expense; (5) any common area maintenance reserve payments; and (6) any Capital Improvements. The term "Capital Improvements" as used herein shall mean any costs and expenses associated with roof repairs, roof replacement, structural repairs, structural replacement, exterior paving replacement or overlaying, and replacement of any Building Systems.

Notwithstanding anything herein to the contrary, the City's Pro Rata Share of the Operating Expenses shall not increase by more than three percent (3%) over the cost from the previous Lease year.

9. **UTILITIES AND SERVICES.** Landlord shall provide the Premises the following services, the cost of which shall be included in the Operating Costs: water and electricity for the Premises seven (7) days a week, twenty-four (24) hours per day, and heating, ventilation and air conditioning from 7 a.m. to 7 p.m. Monday through Friday, and 8 a.m. to 1 p.m. Saturday and N/A a.m. to N/A p.m. on Sunday, and shall provide janitorial service to the Premises and Building five (5) nights each week, exclusive of holidays. Heating, ventilation and air conditioning services will 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 billed, as additional Rent.

Tenant shall furnish and pay, at Tenant's sole expense, all other utilities (including, but not limited to, telephone and cable service if available) and other services which Tenant requires with respect to the Premises, except those to be provided by Landlord as described above. Notwithstanding the foregoing, if Tenant's use of the Premises incurs utility service charges which are above ordinary usage, Landlord reserves the right to require Tenant to pay a reasonable additional charge for such usage. For example, where

Tenant installs and uses a number of electronic devices which is greater than normal, the increased usage may result in higher electrical charges and increased charges for cooling since overheating of rooms may result.

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

11. COMMON AREAS.

a. Definition. The term "Common Areas" means all areas and facilities that are provided and designated from time to time by Landlord for the general non-exclusive use and convenience of Tenant with other tenants and which are not leased or held for the exclusive use of a particular tenant. Common Areas may, but do not necessarily, include hallways, entryways, stairs, elevators, driveways, walkways, terraces, docks, loading areas, restrooms, trash facilities, parking areas and garages, roadways, pedestrian sidewalks, landscaped areas, security areas and lobby or mall areas. Tenant shall comply with reasonable rules and regulations concerning the use of the Common Areas adopted by Landlord from time to time, provided that if there is any conflict between the rules and regulations and this Lease, the provisions of this Lease shall govern. 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, contractors, and invitees to comply with those rules and regulations, and not interfere with the use of Common Areas by others.

c. Maintenance of Common Areas. Landlord shall maintain the Common Areas in good order, condition and repair. This maintenance cost shall be an Operating Cost chargeable to Tenant pursuant to Section 8.

12. ALTERATIONS. Tenant may make alterations, additions or improvements to the Premises, including any Tenant's Work identified on Work Letter Agreement attached as Exhibit C, (collectively "Alterations"), with the prior written consent of Landlord, which shall not be unreasonably withheld or delayed. The term "Alterations" shall not include the installation of shelves, movable partitions, Tenant's equipment, and trade fixtures which may be performed without damaging existing improvements or the structural integrity of the Premises, any cosmetic alterations including flooring and paint, and Landlord's consent shall not be required for Tenant's installation of those items. Tenant shall

complete all Alterations at Tenant's expense in compliance with all applicable laws and in accordance with plans and specifications approved by Landlord, using contractors approved by Landlord, and in a manner so as to not unreasonably interfere with other tenants. Landlord shall be deemed the owner of all Alterations except for those which Landlord requires to be removed at the end of the Lease Term as notified in writing to Tenant at the time of Landlord's consent. Tenant shall not remove any consented Alterations at the end of the Lease term unless Landlord conditioned its consent upon Tenant removing a specified Alteration at the Premises, in which case Tenant shall remove such Alteration. Tenant shall immediately repair any damage to the Premises caused by removal of Alterations.

- 13. REPAIRS AND MAINTENANCE.** Tenant shall, at its sole expense, maintain the Premises in good condition and promptly make all ordinary repairs and replacements necessary to keep the Premises safe and in good condition, including all utilities and other systems within the Premises which exclusively serve the Premises. Landlord shall maintain and repair the Building structure, foundation, exterior walls, and roof, and the Common Areas, the cost of which shall be included as an Operating Expense. Tenant shall not damage any demising wall or disturb the structural integrity of the Premises and shall promptly repair any damage or injury done to any such demising walls or structural elements caused by Tenant or its employees, agents, contractors, or invitees. If Tenant fails to maintain or repair the Premises, Landlord may enter the Premises and perform such repair or maintenance on behalf of Tenant. In such case, Tenant shall be obligated to pay to Landlord immediately upon receipt of demand for payment, as additional Rent, all costs incurred by Landlord. Notwithstanding anything in this Section to the contrary, Tenant shall not be responsible for any repairs to the Premises made necessary by the acts of Landlord or its agents, employees, contractors or invitees therein.

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.

- 14. ACCESS.** After reasonable notice from Landlord (except in cases of emergency, where no notice is required), Tenant shall permit Landlord and its agents and employees to enter the Premises at all reasonable times for the purposes of repair or inspection. This Section shall not impose any repair or other obligation upon Landlord not expressly stated elsewhere in this Lease. After reasonable notice to Tenant, Landlord shall have the right to enter the Premises for the purpose of showing the Premises to prospective purchasers or lenders at any time, and to prospective tenants within 180 days prior to the expiration or sooner termination of the Lease term.
- 15. SIGNAGE.** Tenant shall obtain Landlord's written consent 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. Signage shall be allocated per the pro rata share of leased space in the building.

Tenant shall have the right to place exterior Building signage on the northwest corner of the Building, in a location that is reasonably determined by Landlord. The signage will be

in compliance with all laws and codes. The cost of the installation and removal of the signage at the end of the Lease Term shall be borne by Tenant.

Landlord, at its expense, shall provide building directory signage on behalf of Tenant.

16. DESTRUCTION OR CONDEMNATION.

a. Damage and Repair. If the Premises or the portion of 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 and this Lease shall not terminate; provided, however, Tenant may terminate the Lease if Landlord is unable to restore the Premises within six (6) months of the casualty event. The Premises or the portion of the Property necessary for Tenant's occupancy shall not be deemed untenable if less than twenty-five percent (25%) of each of those areas are damaged. Notwithstanding the foregoing, Landlord shall have no obligation to restore the Premises or the portion of the Property necessary for Tenant's occupancy if insurance proceeds are not available to pay the entire cost of such restoration. If insurance proceeds are available to Landlord but are not sufficient to pay the entire cost of 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 Property necessary for Tenant's occupancy, or 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; provided, however, if such casualty event occurs during the last six 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 60 days after receipt by Landlord from Tenant of written 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.

If Landlord restores the Premises or the Property under this Section 16(a), Landlord shall proceed with reasonable diligence to complete the work, and the 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 officers, contractors, licensees, agents, servants, employees, guests, invitees or visitors. Provided, Landlord complies with its obligations under this Section, no damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance directly, incidentally or consequentially arising from any repair or restoration of any portion of the Premises or the Property. Landlord will not carry insurance of any kind for the protection of Tenant or any improvements paid for by Tenant or on Tenant's furniture or on any fixture, equipment, improvements or appurtenances of Tenant under this Lease, and Landlord shall not be obligated to repair any damage thereto or replace the same unless the damage is caused by Landlord's negligence.

b. Condemnation. If the Premises, the portion of 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 and all Rents and other payments shall be paid to that date. In case of taking of a part of the Premises or the portion of the Property necessary for Tenant's occupancy that does not render those areas untenable, then this Lease shall continue in full force and effect and the Rent (including Tenant's Pro Rata Share) shall be equitably reduced based on the proportion by which the floor area of any structures is reduced, such reduction in Rent to be effective as of the earlier of the date the condemning authority first has possession of such portion or title vests in the condemning authority. The Premises or the portion of the Property necessary for Tenant's occupancy shall not be deemed untenable if less than twenty-five percent (25%) 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 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, Tenant's fixtures or removal thereof, or damages resulting from interruption in its business, provided that in no event shall Tenant's claim reduce Landlord's reward.

17. INSURANCE.

a. Public Liability and Property Damage. The City of Seattle maintains a fully funded self-insurance program, approved by the State of Washington, for the protection and handling of the City's liabilities including injuries to persons and damage to property. Landlord acknowledges, agrees and understands that the City is self-funded for all of its liability exposures. The City agrees, at its own expense, to maintain, through its self-funded program, coverage for all of its liability exposures for this Lease. The City agrees to provide Landlord with at least 30 days prior written notice of any material change in the City's self-funded program and, if requested, will provide Landlord with a certificate of self-insurance as adequate proof of coverage. Landlord further acknowledges, agrees and understands that the City does not purchase Commercial General Liability insurance and is a self-insured governmental entity; therefore the City does not have the ability to add Landlord as an additional insured.

b. Tenant's Property Insurance. Tenant at its sole cost shall maintain on all its personal property and Tenant's improvements and alterations, in, on, or about the Premises, a property policy with coverage comparable to the Special Causes of Loss Form for 100% of their full replacement cost. The proceeds from any such policy shall be used by Tenant for the replacement of personal property or the restoration of Tenant's improvements or alterations.

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

d. Landlord Insurance. Landlord shall carry standard form extended coverage fire 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. The cost of any such insurance may be included in the Operating Costs by a "blanket policy" insuring other parties and/or locations in addition to the Building, in which case the portion of the premiums therefor allocable to the Building and Project shall be included in the Operating Costs. In addition to the foregoing, in the event Tenant fails to provide or keep in force any of the insurance as required above, Landlord, in its discretion, may provide such insurance, in which event, the cost thereof shall be payable by Tenant to Landlord as additional rent on the first day of the calendar month immediately following demand therefor from Landlord.

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 insurance required to be carried by each of them. Each party shall provide notice to the insurance carrier or carriers of this mutual waiver of subrogation, and shall cause its respective insurance carriers to waive all rights of subrogation against the other. This waiver shall not apply to the extent of the deductible amounts to any such policies or to the extent of liabilities exceeding the limits of such policies.

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

19. ASSIGNMENT AND SUBLETTING. Tenant shall not assign, sublet, mortgage, encumber or otherwise transfer any interest in this Lease (collectively referred to as a "Transfer") or any part of the Premises, without first obtaining Landlord's written consent, which shall not be unreasonably withheld or delayed. No Transfer shall relieve Tenant of any liability under this Lease notwithstanding Landlord's consent to such transfer. Consent to any Transfer shall not operate as a waiver of the necessity for Landlord's consent to any subsequent Transfer. No Landlord consent shall be required for any subletting, assignment, or licensing agreements between City of Seattle departments so long as Tenant provides written notice to Landlord and it is a use permitted by law.

If Tenant is a partnership, limited liability company, corporation, or other entity, any transfer of this Lease by merger, consolidation, redemption or liquidation, or any change(s) in the ownership of, or power to vote, which singularly or collectively represents a majority of the beneficial interests 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 unless otherwise agreed by Landlord in writing. In connection with any Transfer, Tenant shall provide Landlord with copies of all assignments, subleases and assumption instruments.

- 20. LIENS.** Tenant shall keep the Premises free from any liens created by or through Tenant. Tenant shall indemnify and hold Landlord harmless from liability from any such liens including, without limitation, liens arising from any Alterations. If a lien is filed against the Premises by any person claiming by, through or under Tenant, Tenant shall, upon request of Landlord, at Tenant's expense, immediately furnish to Landlord a bond in form and amount and issued by a surety satisfactory to Landlord, indemnifying Landlord and the Premises against all liabilities, costs and expenses, including attorneys' fees, which Landlord could reasonably incur as a result of such lien(s).
- 21. DEFAULT.** The following occurrences shall each be deemed an Event of Default by Tenant:
- a. Failure to Pay.** Tenant fails to pay any sum, including Rent, when due under this Lease and such failure continues more than ten (10) days following written notice from Landlord of the failure to pay.
 - b. Vacation/Abandonment.** Tenant vacates the Premises (defined as an absence for at least 15 consecutive days without prior notice to Landlord), or Tenant abandons 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 becomes insolvent, voluntarily or involuntarily bankrupt, or a receiver, assignee or other liquidating officer is appointed for Tenant's business, provided that in the event of any involuntary bankruptcy or other insolvency proceeding, the existence of such proceeding shall constitute an Event of Default only if such proceeding is not dismissed or vacated within 60 days after its institution or commencement.
 - d. Levy or Execution.** Tenant's interest in this Lease or the Premises, or any part thereof, is taken by execution or other process of law directed against Tenant, or is taken upon or subjected to any attachment by any creditor of Tenant, if such attachment is not discharged within 15 days after being levied.
 - e. Other Non-Monetary Defaults.** Tenant breaches any agreement, term or covenant of this Lease other than one requiring the payment of money and not otherwise enumerated in this Section, and the breach continues for a period of 30 days after notice by Landlord to Tenant of the breach.
- 22. REMEDIES.** Landlord shall have the remedies under 22.a and 22.b upon an Event of Default. Landlord's rights and remedies under this Lease shall be cumulative, and none shall exclude any other right or remedy allowed by law.

a. Termination of Lease. Landlord may terminate Tenant's interest under the Lease, but no act by Landlord other than written notice from Landlord to Tenant of termination shall terminate this Lease. The Lease shall terminate on the date specified in the notice of termination. Upon termination of this Lease, Tenant will remain liable to Landlord for damages in an amount equal to the Rent and other sums that would have been owing by Tenant under this Lease for the balance of the Lease Term, less the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to the termination, after deducting all Landlord's reasonable 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 due at the time of termination; (ii) the amount by which 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 that amount of rent loss that Tenant proves could reasonably be avoided discounted to present value as determined in accordance with Washington law; and (iv) any other amount allowable at law to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease, including without limitation Reletting Expenses described in Section 22b.

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

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

d. Nonpayment of Additional Rent. Reserved.

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 ten (10) 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. Prior to sale of any of tenant's equipment with data storage capabilities all data shall be completely erased and all removable media shall be destroyed. No software on removable media may be sold and will be returned to tenant. Except for this provision, nothing in this Section shall limit Landlord's right to sell Tenant's personal property as permitted by law to foreclose Landlord's lien for unpaid rent.

- 23. MORTGAGE SUBORDINATION AND ATTORNMENT.** Subject to the conditions in this Section 23, this Lease shall 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 person(s) acquiring the Premises at any sale or other proceeding under any Landlord's Mortgage provided such person(s) assume the obligations of Landlord under this Lease. Tenant shall promptly and in no even later than fifteen (15) days execute, acknowledge and deliver documents which the holder of any Landlord's Mortgage may reasonably require as further evidence of this subordination and attornment. Notwithstanding the foregoing, Tenant's obligations under this Section and the subordination of this Lease to any Landlord's Mortgage are conditioned on the holder of each of Landlord's Mortgage and each person acquiring the Premises at any sale or other proceeding under any such Landlord's Mortgage agreeing in writing not to disturb Tenant's occupancy and other rights under this Lease, so long as no uncured Event of Default exists.
- 24. NON-WAIVER.** Landlord's waiver of any breach of any term contained in this Lease shall not be deemed to be a waiver of the same term for subsequent acts of Tenant. The acceptance by Landlord of Rent or other amounts due by Tenant hereunder shall not be deemed to be a waiver of any breach by Tenant preceding such acceptance.
- 25. HOLDOVER.** If Tenant shall, with the written consent of Landlord, hold over after the expiration or termination of the Term, such tenancy shall be deemed to be on a month-to-month basis and may be terminated according to Washington law. During such tenancy, Tenant agrees to pay to Landlord 125% the rate of rental last payable under this Lease, unless a different rate is agreed upon by Landlord. All other terms of the Lease shall remain in effect.
- 26. NOTICES.** All notices under this Lease shall be in writing and effective (i) when delivered in person, (ii) three (3) days after being sent by registered or certified mail to Landlord or Tenant, as the case may be, at the Notice Addresses set forth in Section 1(h); or (iii) upon confirmed transmission by facsimile to such persons at the facsimile numbers set forth in Section 1(h) or such other addresses/facsimile numbers as may from time to time be designated by such parties in writing.
- 27. COSTS AND ATTORNEYS' FEES.** If Tenant or Landlord engage the services of an attorney to collect monies due or to bring any action for any relief against the other,

declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or other payments, or possession of the Premises, each party shall be responsible for its own attorney's fees at trial and on appeal.

- 28. ESTOPPEL CERTIFICATES.** Tenant shall, from time to time, upon written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement specifying the following, subject to any modifications necessary to make such statements true and complete: (i) the date the Lease term commenced and the date it expires; (ii) the amount of minimum monthly Rent and the date to which such Rent has been paid; (iii) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way; (iv) that this Lease represents the entire agreement between the parties; (v) that all conditions under this Lease to be performed by Landlord have been satisfied (vi) that there are no existing claims, defenses, or offsets which the Tenant has against the enforcement of this Lease by Landlord; (vii) that no Rent has been paid more than one month in advance; and (viii) that no security has been deposited with Landlord (or, if so, the amount thereof). Any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or assignee of any mortgage or new mortgagee of Landlord's interest in the Premises.
- 29. TRANSFER OF LANDLORD'S INTEREST.** This Lease shall be assignable by Landlord without the consent of Tenant. In the event of any transfer or transfers of Landlord's interest in the Premises, other than a transfer for security purposes only, upon the assumption of this Lease by the transferee, Landlord shall be automatically relieved of obligations and liabilities accruing from and after the date of such transfer, except for any retained security deposit or prepaid rent, and Tenant shall attorn to the transferee, subject to Section 23.
- 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, and if such failure shall continue for more than a time reasonably required for performance following written notice from Landlord, then Landlord may make any such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. Tenant shall, on demand, reimburse Landlord for its expenses incurred in making such payment or performance. Landlord shall (in addition to any other right or remedy of Landlord provided by law) have the same rights and remedies in the event of the nonpayment of sums due under this Section as in the case of default by Tenant in the payment of Rent.
- 31. HAZARDOUS MATERIAL.** Landlord represents and warrants to Tenant that, to the best of Landlord's actual knowledge, there is no "Hazardous Material" (as defined below) on, in, or under the Premises as of the Commencement Date except as otherwise disclosed to Tenant in writing before the execution of this Lease. 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 be responsible for all costs and actions necessary to remediate, remove or clean up the Hazardous Material, and 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, or used in or about, or disposed of on the Premises by Tenant, its agents, employees, contractors or invitees, except in strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligation stated in the preceding sentence, then Tenant shall be responsible for all costs and actions necessary to remediate, remove, or clean up the Hazardous Material and shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in the value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, or elsewhere, damages arising from any adverse impact on marketing of space at the Premises, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees incurred or suffered by Landlord either during or after the Lease Term. These indemnifications by Landlord and Tenant include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work, whether or not required by any federal, state or local governmental agency or political subdivision, because of Hazardous Material present in the Premises, or in soil or ground water on or under the Premises. Tenant shall immediately notify Landlord of any inquiry, investigation or notice that Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises.

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

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

- 32. QUIET ENJOYMENT.** So long as Tenant pays the Rent and does not have an uncured Event of Default, Tenant's possession of the Premises will not be disturbed by Landlord or anyone claiming by, through or under Landlord, or by the holders of any Landlord's Mortgage or any successor thereto.
- 33. RIGHT OF ENTRY.** Landlord and its agents, employees and contractors shall have the right to enter the Premises at reasonable times for inspection, to make repairs, alterations, and improvements, to show the Premises to prospective purchasers and, within six (6) months prior to the expiration of the Lease Term, to show the Premises to prospective tenants.
- 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. Broker's Fees. Landlord is exclusively represented by CBRE, Inc. ("Landlord's Broker"); in addition, Landlord also recognizes Union Street Corporate Real Estate, LLC who represents the Tenant ("Tenant's Broker"). In accordance with Washington State Law, Tenant hereby confirms receipt of a pamphlet on "The Law of Real Estate Agency." Upon full execution of a lease between Landlord and Tenant, Landlord shall pay Tenant's Broker a standard market commission equal to \$1.00/rsf per year of lease term. Landlord shall defend and indemnify Tenant from any liability resulting from any party other than Landlord's Broker claiming a broker's fee by virtue of representing Landlord with respect to this Lease. Tenant shall defend and indemnify Landlord from any liability resulting from any party other than Tenant's Broker claiming a broker's fee by virtue of representing Tenant with respect to this Lease.

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 understanding pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by Landlord and Tenant.

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

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

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

g. Memorandum of Lease. This Lease shall not be recorded. However, Landlord and Tenant shall, at the other's request, execute and record a memorandum of Lease in recordable form that identifies Landlord and Tenant, the commencement and expiration dates of the Lease, and the legal description of the Premises as set forth on attached Exhibit B.

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 Landlord and Tenant.

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. Any individual signing this Lease on behalf of an entity represents and warrants to the other that such individual has authority to do so and, upon such

individual's execution, that this Lease shall be binding upon and enforceable against the party on behalf of whom such individual is signing.

35. Exhibits and Riders. The following exhibits and riders are made a part of this Lease:

- Exhibit A Floor Plan Outline of the Premises
- Exhibit B Legal Description
- Exhibit C Work Letter Agreement
- Exhibit D Rules and Regulations

ANY RIDER CHECKED SHALL BE EFFECTIVE ONLY UPON BEING INITIALED BY THE PARTIES AND ATTACHED TO THE LEASE. CAPITALIZED TERMS USED IN THE RIDER SHALL HAVE THE MEANING GIVEN TO THEM IN THE LEASE.

 X Rent Rider

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

LANDLORD:

TENANT:

NearSU, LLC

City of Seattle

By: Joseph L. Brotherton
Its: Managing Member

By: _____
Its: _____

Notary for Landlord:

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

(Seal or stamp)

DATED: _____, 2016.

Printed Name: _____

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

My commission expires: _____

Notary for Tenant:

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

(Seal or stamp)

DATED: _____, 2016.

Printed Name: _____

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

My commission expires: _____

RENT RIDER

RENT RIDER/ADDITIONAL LEASE PROVISIONS to Lease Agreement dated this ____ day of _____, 2017 by and between NearSU, LLC, a Washington Limited Liability Company (“Landlord”), and City of Seattle’s Finance and Administrative Services Department, (“Tenant”).

1. **Base Rent.** Base Monthly Rent shall be paid by Tenant to Landlord in accordance with the following schedule also to include tenants total parking obligation per section 1.j.:

<u>Months</u>	<u>Base Monthly Rent</u>
01 – 03	\$0.00
04 – 12	\$7,675.16
13 - 24	\$7,905.41
25 - 36	\$8,142.58
37 – 48	\$8,386.85
49 – 60	\$8,638.46
61 – 72	\$8,897.61
73 – 84	\$9,164.54
85 – 96	\$9,439.48
97 – 108	\$9,722.66
109 -120	\$10,014.34

IN WITNESS WHEREOF, Landlord and Tenant hereby execute this Rent Rider/Additional Lease Provisions as of the date above first written.

LANDLORD:

NearSU, LLC

TENANT:

City of Seattle

By: Joseph L. Brotherton
Its: Managing Member

By: _____

Its: _____

EXHIBIT “A”
FLOOR PLAN

EXHIBIT “B”

LEGAL DESCRIPTION

LOTS 1, 2, 3 AND 4, BLOCK 4, W.C. SQUIRE’S REPLAT OF BLOCK NINE OF SQUIRE PARK ADDITION TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 9 OF PLATS, PAGE 84, IN KING COUNTY, WASHINGTON;

EXCEPT THAT PORTION OF LOT 1 HERETOFORE CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NO. 61476 FOR 12TH AVENUE, AS PROVIDED UNDER ORDINANCE NO. 17922 OF THE CITY OF SEATTLE.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

EXHIBIT "C"

TENANT IMPROVEMENT SCHEDULE

WORK LETTER AGREEMENT

This Work Letter Agreement ("**Agreement**") is attached to and made a part of the Office Lease Agreement (the "**Lease**") between **NearSU, L.L.C.**, a Washington limited liability company ("**Landlord**"), and **THE CITY OF SEATTLE**, a municipal corporation of the State of Washington ("**Tenant**"), covering certain premises (the "**Premises**") more particularly described in the Lease. In consideration of the mutual covenants in the Lease, Landlord and Tenant hereby agree as follows:

1. **TENANT IMPROVEMENT COORDINATOR.** Within three (3) days after the Lease is executed by Landlord and Tenant, Landlord and Tenant shall each designate in writing the name of one person who shall be that party's tenant improvement representative. All communication concerning the tenant improvements shall be directed to the appropriate party's tenant improvement representative. Tenant shall not have the right or authority to instruct Landlord's contractor to take any action. Any action Tenant desires Landlord's contractor to take shall be communicated by Tenant to Landlord's tenant improvement representative, and Landlord's tenant improvement representative shall give the necessary instructions to the contractor.
2. **PLANS AND SPECIFICATIONS.**
 - a. **SPACE PLAN.** On or before April 1, 2017, Tenant and Landlord shall finalize a detailed space plan ("**Space Plan**") for modifications to the Premises which shall include without limitation, the location of doors, partitions, electrical and telephone outlets, plumbing fixtures, heavy floor loads and other special requirements. Tenant will work with _____ as the space planner. Landlord agrees to cooperate with Tenant and its design representatives in connection with the preparation of the Space Plan.
 - b. **PLANS.** Based on the mutually approved Space Plan, Tenant shall cause to be prepared, specifications and working drawings ("**Plans**") for the construction of Tenant's leasehold improvements to the Premises ("**Improvements**"). As used herein, the term "Improvements" shall include all work to be done in the Premises pursuant to the Plans, including, but not limited to: demolition work, partitioning, doors, ceiling, floor coverings, wall finishes (including paint and wall coverings), window coverings, electrical (including lighting, switching, telephones, outlets, computer and special electrical equipment, etc.), plumbing, heating, ventilating and air conditioning, fire protection, sprinklers, alarms, cabinets and other millwork. Once the Plans have been completed and approved by both Landlord and Tenant, Landlord will provide Tenant for its approval a cost breakdown for the total cost of the Improvements (the "**Cost Breakdown**").
 - c. **DESIGN ALLOWANCE.** In addition to the Improvement Allowance provided for below, Landlord will make available to Tenant an allowance (the "Design Allowance") in the amount of \$587.10 to pay for the cost of preparing the Space Plan.

3. SPECIFICATIONS FOR BUILDING STANDARD IMPROVEMENTS. Specifications and details for building standard improvements ("**Standards**") are available upon request. Except as specified in Section 5 below, the Space Plan and Plans shall be consistent with the Standards, and no deviations shall be permitted from the Standards without Landlord's consent as set forth in Section 5 below.
4. GROUNDS FOR DISAPPROVAL. Tenant may request deviations from the Standards for Improvements provided that the deviations ("**Non-Standards**") shall not be of lesser quality than the Standards. Landlord shall not be required to approve any Non-Standards that are not acceptable to Landlord, in Landlord's sole and absolute discretion.

5. IMPROVEMENT COST AND ALLOWANCE.

- a. IMPROVEMENT ALLOWANCE. Landlord hereby grants to Tenant an "**Improvement Allowance**" of up to \$197,050.00, which Improvement Allowance shall be used only for, and will pay the cost of, the Improvements to the Premises.
- b. COST INCREASES. In the event that the cost of the Improvements increases subsequent to Tenant's approval of the Cost Breakdown due to the requirements of any governmental agency imposed with respect to the construction of the Improvements, Tenant shall pay to Landlord the amount of such increase within thirty (30) days of Landlord's written notice; provided, however, that Landlord shall first apply toward such increase any remaining balance in the Improvement Allowance.
- c. CHANGE IN PLANS. In the event that Tenant requests a change in the Plans subsequent to approval of the Cost Breakdown, Landlord shall advise Tenant of Landlord's estimate of any increases in the cost of the Improvements and any delay such change would cause in the construction of the Improvements (the "**Estimate**"). Tenant shall approve or disapprove such change within five (5) days after receiving Landlord's Estimate. In the event that Tenant approves such change, Tenant shall accompany its approval with payment in the amount of any cost increase resulting from such change; provided, however, that Landlord shall first apply toward such increase any remaining balance in the Improvement Allowance. Landlord shall have the right to decline Tenant's request for a change in the approved Plans if the change is inconsistent with Sections 3, 4 or 5 above.
- d. NO REFUND. If the actual cost of the Improvements does not exceed the Improvement Allowance, the unused portion of the Improvement Allowance shall not be paid or refunded to Tenant or be available to Tenant as a credit against any obligations of Tenant under the Lease. Any portion of the Improvement Allowance not expended prior to the date that is one (1) year after the date of the Lease shall be retained by Landlord, and Tenant shall have no further right to the use of such unused portion of the Improvement.
- e. BASE BUILDING IMPROVEMENTS. In addition to the Improvement Allowance, Landlord, either prior to or in conjunction with the construction of the Improvements, will complete the following Base Building work at Landlord's cost and expense:
 - (a) replace the lighting with building Standard fixtures in accordance with Tenant's ceiling plan as set forth in the Plans; and

- (b) install and distribute a new HVAC system.

6. CONSTRUCTION OF IMPROVEMENTS.

- a. CONSTRUCTION. Within a reasonable period following approval of the Plans by Tenant, and after payment of any sum required under Section 5.2 above, Landlord shall instruct its contractor to secure a building permit and to commence construction of the Improvements.
- b. COMPLETION. Landlord shall endeavor to cause the contractor to substantially complete construction of the Improvements in a diligent manner, but Landlord shall not be liable for any loss or damage as a result of delays in construction of the Improvements or delivery of possession of the Premises except as otherwise provided in the Lease.
- c. ACCEPTANCE OF THE PREMISES.

(a) Landlord will notify Tenant when the Improvements are substantially complete. As used in this Agreement, "substantial completion" means that the Improvements and work in Section 5.5 has been completed in accordance with the Plans, excepting only minor punch list items, and that the Premises are suitable for Tenant's use and occupancy. Within ten (10) business days after receiving such notice, and prior to move-in of any furniture, fixtures or equipment, Tenant shall inspect the Premises for any deficiencies in the Improvements. A "punchlist" of all the deficiencies in the Improvements shall be prepared and agreed upon by both Landlord and Tenant. Landlord will correct defective items stated in the punchlist which are the responsibility of Landlord or its contractor. If Tenant does not so provide Landlord with a punchlist within ten (10) days or prior to occupying the Premises, and for purposes of the Commencement Date, the Improvements shall be deemed complete on the date of Tenant's occupancy or expiration of ten (10) days (whichever is earlier), and Tenant shall be deemed to have accepted the Premises and the Improvements in their then present condition, except for latent defects not reasonably discoverable upon an inspection of the Premises. The existence of minor punchlist items shall not postpone the Commencement Date of the Lease or result in a delay or abatement of Tenant's obligation to pay rent or give rise to a damage claim against Landlord. Landlord agrees to complete all punchlist items which are Landlord's or its contractor's responsibility within forty five (45) days after receiving the final punchlist (or longer if reasonably necessary).

(b) Notwithstanding the estimated Commencement Date set forth in the Lease, Tenant's obligation for the payment of Rent under the Lease shall not commence until the Improvements are substantially complete; however, if substantial completion of the Improvements is delayed because of Tenant Delay, then Tenant's obligation to pay rent under the Lease, and the Term, shall commence on the date the Premises would have been substantially complete except for the delays caused by Tenant, as reasonably determined by Architect. The phrase "**Tenant Delay**" means any delay that Landlord may encounter in the construction of the Improvements as a result of (i) delays resulting from changes in or additions to the Plans or the Improvements which are requested by Tenant after the Plans have been finalized pursuant to Section 2.2 above; (ii) delays by Tenant in the timely submission of information required of Tenant pursuant to this Work Letter, or the giving of authorizations or approvals within any time limits set forth in this Work Letter; (iii) delays due to the postponement of any of the Improvements at the request of Tenant; or (iv) delays otherwise attributable to the acts or omissions of Tenant or its employees, agents or contractors, other than delays in the Improvements requested by Landlord. As used in this Work Letter and the

Lease, "Tenant Delay" does not include any delay arising from delays in permit issuance or inspection by any City department acting in its governmental capacity.

7. APPROVALS. If either party's consent or approval is required pursuant to this Work Letter, and such party has not notified the other party in writing within ten (10) business days after the date its approval or consent was requested in writing, that it is giving its consent or approval, or withholding its consent or approval, the party whose consent or approval is required shall be deemed to have given its consent or approval to the matter in question.
8. INCORPORATION. This Agreement is and shall be incorporated by reference in the Lease.

EXHIBIT "D"

RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the written consent of Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord.

Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises; provided, however, that Landlord may furnish and install a Building standard window covering at all exterior windows. Tenant shall not without prior written consent of Landlord cause or otherwise sunscreen any window.

2. The sidewalks, decks, entrances and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress and egress from their respective Premises.

3. Tenant shall not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises.

4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees shall have caused it.

5. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.

6. No furniture, freight or equipment of any kind shall be brought into the Building without the prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be required at the expense of Tenant.

7. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises or the Building.

8. No cooking, except microwave cooking for lunch purposes, shall be done or permitted by any Tenant on the Premises, nor shall the Premises be used for the storage of merchandise, for washing clothes, for lodging, or for any improper, objectionable or immoral purposes.

9. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.

10. Landlord will direct electricians as to where and how telephone wires are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.

11. The Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.

12. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manor do any act in violation of any of the rules and regulations of the Building.

13. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

14. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.

15. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.

16. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

17. Landlord shall have the right to control and operate the public portions of the Building, and the public facilities as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.

18. All entrance doors in the Premises shall be left locked when the Premises are not in us.