

Agenda Item: 10a_Attach
Date: January 26, 2021

LEASE AGREEMENT

Between

PORT OF SEATTLE

And

SOUTH PARK PROPERTIES LLC

TABLE OF CONTENTS

SECTION 1: LEASED PREMISES	1
SECTION 2: TERM	1
SECTION 3: RENT	1
SECTION 4: SECURITY	2
SECTION 5: USE OF PREMISES	2
SECTION 6: UTILITIES.....	3
SECTION 7: ALTERATIONS; TENANT IMPROVEMENTS	3
SECTION 8: MAINTENANCE AND REPAIR	4
SECTION 9: TAXES.....	4
SECTION 10: INSURANCE AND INDEMNITY	5
SECTION 11: DAMAGE OR DESTRUCTION.....	6
SECTION 12: ASSIGNMENT AND SUBLEASE.....	6
SECTION 13: DEFAULT	6
SECTION 14: TERMINATION OTHER THAN FOR DEFAULT	6
SECTION 15: ACCESS; EASEMENTS.....	7
SECTION 16: NONWAIVER; RIGHT TO PERFORM.....	7
SECTION 17: SURRENDER AND HOLDING OVER.....	7
SECTION 18: ENVIRONMENTAL STANDARDS.....	18
SECTION 19: MISCELLANEOUS	9
SECTION 20: SIGNATURES.....	10
SECTION 21: ACKNOWLEDGMENTS	11

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made as of this _____ day of _____ 20____ by and between the PORT OF SEATTLE, a Washington municipal corporation (the "Lessee"), and South Park Properties, LLC, a Washington limited liability company (the "Landlord").

For and in consideration of the mutual promises, covenants and conditions hereinafter set forth, the parties agree as follows:

SECTION 1: LEASED PREMISES

1.1. Premises. The Landlord hereby leases to Lessee, and Lessee hereby leases from the Landlord, the following described premises (the "Premises") located at 8600 14th Avenue South, a legal description of which is attached hereto as Exhibit A:

Approximately two thousand three hundred (2,300) square feet of office space, and ten thousand (10,000) square feet of paved parking, all as shown on the attached Exhibit B.

1.2. Quiet Enjoyment. So long as Lessee is not in default under this Lease and subject to the specific provisions, covenants and agreements contained in this Lease, the Landlord covenants and agrees that the quiet and peaceful possession and enjoyment of the Premises by Lessee shall not be disturbed or interfered with by the Landlord or by any other party claiming by or through the Landlord.

SECTION 2: TERM

2.1. Lease Term. This Lease shall be for a term of three (3) years, beginning January 1, 2021, (the "Commencement Date") and ending December 31, 2023.

2.2. Options to Extend. If Lessee is in compliance with the terms and conditions of this Lease, Lessee has the option to request an extension of the Lease term for two (2) additional one (1) year terms at the rate described in Section 3.1. In the event Lessee wishes to extend the Lease term, Lessee shall provide the Landlord with written notice of Lessee's exercise of such option(s) at any time, but no less than thirty (30) days prior to the expiration of the Lease term.

2.3. Possession. If the Landlord shall be unable for any reason to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, Lessee shall not be liable for any Rent until such time as the Landlord can deliver possession. If Lessee shall, in the interim, take possession of any portion of the Premises, Lessee shall pay as Rent the full rent specified herein reduced pro rata for the portion of the Premises not available for possession by Lessee. If the Landlord shall be unable to deliver possession of the Premises at the commencement of the term of this Lease, Lessee shall have the option to terminate this Lease by at least thirty (30) days' written notice, unless the Landlord shall deliver possession of the Premises prior to the effective date of termination specified in such notice. If Lessee shall, with the Landlord's consent, take possession of all or any part of the Premises prior to the commencement of the term of this Lease, all of the terms and conditions of this Lease shall immediately become applicable, with the exception that Lessee shall not be obligated to pay any Rent for the period prior to the commencement of the term of this Lease unless otherwise mutually agreed.

SECTION 3: RENT

3.1. Base Rent. Commencing on January 1, 2021, (the "Rent Commencement Date"), Lessee agrees to pay as rent (the "Base Rent") for the Premises the sum of EIGHT THOUSAND TWO HUNDRED SIXTY NINE AND 00/100 DOLLARS (\$8,269) per month.

The Base Rent shall be paid to the Landlord in advance on or before the Rent Commencement Date and, thereafter, on or before the first day of each and every month during the term, at such place as the Landlord may designate, without any prior demand, and without any abatement, deduction or setoff whatsoever. If the term commences on any day other than the first day of a calendar month, Base Rent for any fractional month shall be prorated based upon the actual number of days in such fractional month.

3.2. Additional Rent. Lessee agrees to pay Tenant's share of Operating Costs for building maintenance, Property Tax and Insurance at the following rates:

Operating Costs at the rate of ten cents (\$0.10) per square foot per month, equaling TWO HUNDRED THIRTY AND 00/100 DOLLARS (\$230.00) per month.

Property Tax: FIVE HUNDRED TWENTY FIVE AND 95/100 DOLLARS (\$525.90) per month

Insurance: TWO HUNDRED FOUR AND 80/100 DOLLARS (\$204.8.00) per month

3.3. Use of Term Rent. The Landlord and Lessee agree that the term "Rent" shall mean and refer collectively to sums denominated as either Base Rent or Additional Rent.

3.4. Late Charges.

3.4.1. Lessee hereby acknowledges that late payment by Lessee to the Landlord of Rent, or any portion thereof, or any other sums due hereunder will cause the Landlord to incur costs not otherwise contemplated by this Lease. Accordingly, if any installment of Rent, or any portion thereof, or any other sum due from Lessee shall not be received by the Landlord within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay the Landlord a late charge equal to the greater of five dollars (\$5.00) or 5% of such overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs the Landlord will incur by reason of late payment by Lessee. Acceptance of such late charge by the Landlord shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent the Landlord from exercising any of the other rights and remedies granted hereunder.

3.4.2. In addition to the late charges provided for in this Section, interest shall accrue on any unpaid Rent and/or other remuneration, or any other sums due hereunder, at the rate of 12% per annum or the maximum rate provided by law, whichever is less, ("the Default Rate") from the date due until paid.

SECTION 4: SECURITY

4.1. Security. Lessee shall, upon execution of this Lease, obtain and deliver to the Landlord a good and sufficient corporate surety company bond, irrevocable stand-by letter of credit, cash deposit or other security in an amount equal to TWO THOUSAND AND NO/100 DOLLARS (\$2000.00) (hereinafter referred to as "Security"), to secure Lessee's full performance of this Lease, including the payment of all fees and other amounts now or hereafter payable to the Landlord hereunder. If the Security is in a form that periodically requires renewal, Lessee must renew the Security not less than five (5) days before the Security is scheduled to expire.

4.2. Return of Security. The Security is a part of the consideration for execution of this Lease. If Lessee shall have fully performed all terms and conditions of this Lease, any cash deposit security shall be paid to Lessee within thirty (30) days following the termination (or expiration) date without interest; otherwise the Landlord shall, in addition to any and all other rights and remedies available under this Lease or at law or equity, retain title thereto.

4.3. Application of Security. The Landlord may apply all or part of the Security to unpaid Rent or any other unpaid sum due hereunder, or to cure other defaults of Lessee. If the Landlord uses any part of the Security, Lessee shall restore the Security to its then-currently required amount within fifteen (15) days after the receipt of the Landlord's written request to do so. The retention or application of such Security by the Landlord pursuant to this Section does not constitute a limitation on or waiver of the Landlord's right to seek further remedy under law or equity.

SECTION 5: USE OF PREMISES

5.1. Use of Premises. Lessee shall use the Premises for general office work and training. Lessee shall occupy and use the entire Premises in a reasonable manner during the entire term of this Lease.

5.2. No Liens. Lessee is not authorized to subject the Landlord's assets to any liens or claims of lien. Lessee shall keep the Premises free from any liens created by or through Lessee. Lessee 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 Lessee, Lessee shall, at Lessee'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.

5.3. Signs. Lessee shall obtain Landlord's written consent as to size, location, materials, method of attachment, and appearance, before installing any signs upon the Premises. Lessee shall install any approved signage at Lessee's sole expense and in compliance with all applicable laws. Lessee 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.

SECTION 6: UTILITIES

6.1. Utilities. Lessee shall be responsible for Operating Expenses for building maintenance, as described in Section 3.2. Landlord shall not be responsible for providing any utilities to the Premises and 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 not abate as a result thereof, except to the extent due to the negligence or misconduct of Landlord. Lessee shall be responsible for determining whether available utilities and their capacities will meet Lessee's needs. Lessee shall install and connect, if necessary, and directly pay for all water, sewer, gas, janitorial, electricity, garbage removal, heat, telephone, and other utilities and services used by Lessee on the Premises during the term, whether or not such services are billed directly to Lessee. Lessee will also procure, or cause to be procured, without cost to Landlord, all necessary permits, licenses or other authorizations required for the lawful and proper installation, maintenance, replacement, and removal on or from the Premises of wires, pipes, conduits, tubes, and other equipment and appliances for use in supplying all utilities or services to the Premises. Landlord, upon request of Lessee, and at the sole expense and liability of Lessee, shall join with Lessee in any reasonable applications required for obtaining or continuing such utilities or services.

SECTION 7: ALTERATIONS AND LESSEE IMPROVEMENTS

7.1. Alterations. Lessee may make alterations, additions or improvements to the Premises, including any Lessee 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 Lessee's request for any Alterations so long as such request includes the name of Lessee's contractors and reasonably detailed plans and specifications therefore. The term "Alterations" shall not include the installation of shelves, movable partitions, Lessee's equipment, and trade fixtures that may be performed without damaging existing improvements or the structural integrity of the Premises and Landlord's consent shall not be required for Lessee's installation or removal of those items. Lessee shall perform all work at Lessee'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. Lessee shall pay, when due, or furnish a bond for payment, all claims for labor or materials furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's liens against the Premises or any interest therein. Lessee shall remove all Alterations at the end of the Lease term unless Landlord conditioned its consent upon Lessee leaving a specified Alteration at the Premises, in which case Lessee shall not remove such Alteration, and it shall become Landlord's property. Lessee shall immediately repair any damage to the Premises caused by removal of Alterations.

7.2. Trade Fixtures. Lessee shall retain ownership of all trade fixtures and business equipment and furnishings from time to time installed by Lessee at its expense. Lessee may remove any of such fixtures, equipment or furnishings at any time during the term and shall remove all thereof prior to the expiration of the term. Any such property not removed at the

expiration of the term shall become the property of the Landlord without payment to Lessee. Upon any removal of such property, Lessee shall promptly repair any and all damage to the Premises caused thereby.

7.3. Lessee Improvements. Attached Exhibit C sets forth all improvements to be made by Landlord (the "Landlord's Work") and all Lessee improvements to be completed by Lessee (the "Lessee'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 Lessee fails to notify Landlord of any defects in the Landlord's Work within thirty (30) days of delivery of possession to Lessee, Lessee shall be deemed to have accepted the Premises in their then condition. If Lessee discovers any major defects in the Landlord's Work during this 30-day period that would prevent Lessee from using the Premises for the Permitted Use, Lessee shall notify Landlord in writing and the Commencement Date shall be delayed until after Landlord has notified Lessee that Landlord has corrected the major defects and Lessee has had five (5) days to inspect and approve the Premises. The Commencement Date shall not be delayed if Lessee's inspection reveals minor defects in the Landlord's Work that will not prevent Lessee from using the Premises for the Permitted Use. Lessee 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.

SECTION 8: MAINTENANCE AND REPAIR

8.1. Maintenance and Repair. Lessee shall, at its sole expense, maintain the entire Premises including without limitation the roof surface and normal repairs and maintenance to all heating, ventilation, and air conditioning ("HVAC") equipment at the Premises, in good condition and promptly make all repairs and replacements, whether structural or non-structural, necessary to keep the Premises in safe operating condition, including all utilities and other systems serving the Premises, but excluding the roof structure, subfloor, foundation, exterior walls, and capital repairs and replacements to the HVAC system (collectively, "Landlord's Repair Items"), which Landlord shall maintain in good condition and repair at Landlord's expense, provided that Lessee shall not damage any Landlord's Repair Items and shall promptly repair any damage or injury done thereto caused by Lessee or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. Notwithstanding anything in this Section to the contrary, Lessee 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.

SECTION 9: TAXES

9.1. Payment of Taxes. Lessee shall pay all Taxes (defined below) applicable to the Premises during the Lease term. All payments for Taxes shall be made at least ten (10) days prior to their due date. Lessee shall promptly furnish Landlord with satisfactory evidence that Taxes have been paid. If any Taxes paid by Lessee cover any period of time before or after the expiration of the term, Lessee's share of those Taxes paid will be prorated to cover only the period of time within the tax fiscal year during which this Lease was in effect, and Landlord shall promptly reimburse or credit Lessee to the extent required. If Lessee fails to timely pay any Taxes, Landlord may pay them, and Lessee shall repay such amount to Landlord upon demand. Landlord may also elect to pay all such Taxes directly to the appropriate taxing authority and receive reimbursement thereof from Lessee within ten (10) days after invoice, either of the full amount paid or at Landlord's election in equal monthly installments. The term "Taxes" shall mean: (i) any form of tax or assessment imposed on the Premises by any authority, including any city, county, state or federal government, or any improvement district, as against any legal or equitable interest of Landlord or Lessee in the Premises or in the real property of which the Premises are a part, or against rent paid for leasing the Premises; and (ii) any form of personal property tax or assessment imposed on any personal property, fixtures, furniture, Lessee improvements, equipment, inventory, or other items, and all replacements, improvements, and additions to them, located on the Premises, whether owned by Landlord or Lessee. "Taxes" shall exclude any net income tax imposed on Landlord for income that Landlord receives under this Lease.

9.2. Contesting Taxes. Lessee may, upon reasonable prior notice to Landlord, contest the amount or validity, in whole or in part, of any Taxes at its sole expense, only after paying such Taxes or posting such security as Landlord may reasonably require in order to protect the

Premises against loss or forfeiture. Upon the termination of any such proceedings, Lessee shall pay the amount of such Taxes or part of such Taxes as finally determined, together with any costs, fees, interest penalties, or other related liabilities. Landlord shall reasonably cooperate with Lessee in contesting any Taxes, provided Landlord incurs no expense or liability in doing so.

SECTION 10: INSURANCE AND INDEMNITY

10.1. Indemnity.

10.1.1. Indemnification by Lessee. Lessee 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 Lessee or Lessee's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees on or around the Premises, or arising from any breach of this Lease by Lessee.

10.1.2. Indemnification by Landlord. Landlord shall defend, indemnify and hold Lessee 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, or other licensees or invitees on or around the Premises, or arising from any breach of this Lease by Landlord. Landlord shall use legal counsel reasonably acceptable to Lessee in defense of any action within Landlord's defense obligation.

10.1.3. Waiver of Immunity. Landlord and Lessee 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.

10.1.4. **LESSEE AND LANDLORD AGREE AND ACKNOWLEDGE THAT SECTION 10 IS THE PRODUCT OF MUTUAL NEGOTIATION.** The obligations under this Section shall survive the expiration or earlier termination of this Lease.

10.1.5. Insurance. Landlord shall procure and maintain at all times during the Term of this Lease a policy or policies of insurance covering loss or damage to the Premises in the amount of the full replacement value thereof (exclusive of Lessee's trade fixtures, Alterations, equipment and personal property), providing protection against all perils include within the classification of fire, extended coverage, all risk of loss as it relates to the standard insuring clause, loss of rental income, Landlord's risk liability coverage, and to the extent any mortgagee of the building may require or as Landlord may deem prudent, coverage against earthquake and such other hazards that are then commonly insured against for similar properties. Such insurance shall provide for payment of loss thereunder to Landlord and/or the holder of any mortgages or deeds of trust or real estate contracts on the Premises.

10.1.5.1. Insurance Companies. Insurance required hereunder shall be in companies duly licensed to transact business in the State of Washington, and maintaining during the policy term a General Policyholders Rating of 'A-' or better and a financial rating of 'IX' or better, as set forth in the most current issue of "Best's Insurance Guide."

10.1.5.2. Termination; Renewal. Insurance is to remain current throughout the term of the Lease.

10.2. Lessee Self-Insures. Landlord acknowledges, agrees and understands that Lessee self-insures in lieu of or in addition to commercial insurance for the protection and handling of the Lessee's liabilities including injuries to persons and damage to property. Lessee agrees to maintain, through its self-funded program or commercial insurance, coverage for all of its liability exposures for this Lease.

10.3. Waiver of Subrogation. Landlord and Lessee hereby release each other and any other Lessee, 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.

SECTION 11: DAMAGE OR DESTRUCTION

11.1. Duty to Repair. If the Premises or any buildings or structures of which the Premises are a part are damaged by fire, the elements, earthquake, accident or other casualty (collectively, "Casualty"), Landlord shall use reasonable efforts to repair and restore the Premises and/or the buildings or structures of which the Premises are a part to substantially their former condition to the extent permitted by then-applicable Legal Requirements; provided, however, the Landlord shall have no obligation to repair and restore any Alterations or any of Lessee's personal property, specifically including that which Lessee retains ownership of.

11.2. Right to Terminate. Either party may elect to terminate this Lease in the event that either party concludes that the damage to the Premises or any buildings or structures of which the Premises are a part cannot be repaired within thirty (30) days of the Casualty. In the event that either party elects to terminate this Lease, the terminating party shall advise the other party of that fact within thirty (30) days of the Casualty and notify the other party of the date, not more than thirty (30) days after the Casualty, on which the Lease will terminate.

11.3. Abatement of Rent. The Base Rent and Additional Rent, if any, shall be abated for any portion of the Premises that is rendered untenantable or inaccessible from the period from the date the Landlord is notified of the Casualty through the date of completion of the repairs to the Premises (or to the date of termination of the Lease).

SECTION 12: ASSIGNMENT AND SUBLEASE

12.1. Assignment. Landlord shall not, in whole or in part, assign, mortgage, encumber or otherwise transfer any interest in this Lease without Lessee's prior written consent.

12.2. Sublease. Lessee may sublease, assign, or otherwise transfer any interest in this lease by providing prior written notice to Landlord.

SECTION 13: DEFAULT

13.1. Defaults. The following occurrences shall constitute a default under this Lease:

13.1.1. The failure by either party to make any payment required by this Lease, following ten (10) days' notice from Landlord of the failure to pay.

13.1.2. The failure by either party to observe or perform any covenant, condition, or agreement to be observed or performed by Lessee in this Lease, which breach continues for a period of thirty (30) days after notice of the breach.

13.1.3. The discovery by the either party that any required information or statement provided and relied upon was materially false.

13.2. Remedies.

13.2.1. Termination of Lease. If this Lease is terminated for default as provided in this Lease, the rights and remedies under this Lease shall be cumulative, and none shall exclude any other right or remedy allowed by law. The non-defaulting party may terminate the defaulting party's interest under the lease by notice of termination. The Lease shall terminate on the date specified in the notice of termination.

SECTION 14: TERMINATION OTHER THAN FOR DEFAULT

14.1. Condemnation. If the Premises are made untenantable by eminent domain, or conveyed under a threat of condemnation, this Lease shall automatically terminate as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises and all Rents and other payments shall be paid to that date. If the

condemning authority takes a portion of the Premises that does not render the Premises 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. Landlord shall be entitled to the entire award from the condemning authority attributable to the value of the Premises and Lessee shall make no claim for the value of its leasehold. Lessee shall be permitted to make a separate claim against the condemning authority for moving expenses, provided that in no event shall Lessee's claim reduce Landlord's award. The term "eminent domain" as used in this Section shall include taking or damaging of property by, through or under any governmental or quasi-governmental authority and the purchase or acquisition in lieu thereof.

14.2. Court Decree. In the event that any court having jurisdiction in the matter shall render a decision which has become final and which will prevent the performance by the Landlord of any of its obligations under this Lease, then either party hereto may terminate this Lease by written notice, and all rights and obligations hereunder (with the exception of any undischarged rights and obligations that accrued prior to the effective date of termination) shall thereupon terminate. If Lessee is not in default under any of the provisions of this Lease on the effective date of such termination, any Rent prepaid by Lessee shall, to the extent allocable to any period subsequent to the effective date of the termination, be promptly refunded to Lessee. Lessee is not entitled to any compensation at termination for the bargain value of the leasehold.

SECTION 15: ACCESS; EASEMENTS

15.1. Access to Premises. After twenty-four (24) hours' notice from Landlord (except in cases of emergency, when no notice shall be required), Lessee 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 Lessee'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 Lessee, 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 Lessees within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term; and, (b) for posting "for lease" signs within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term.

SECTION 16: NONWAIVER; RIGHT TO PERFORM

16.1. No Waiver of Breach. The failure of either party to insist in any one or more instances, upon a strict performance of any of the covenants of this Lease, or to exercise any option herein contained, shall not be construed as a waiver of or relinquishment for the future of the performance of such covenant, or the right to exercise such option, but the same shall continue and remain in full force and effect.

16.2. Landlord's Right to Perform. Upon Lessee's failure to perform any obligation or make any payment required of Lessee hereunder, the Landlord shall have the right to perform such obligation of Lessee on behalf of Lessee and/or to make payment on behalf of Lessee to such parties. Lessee shall reimburse the Landlord the reasonable cost of the Landlord's performing such obligation on Lessee's behalf, including reimbursement of any amounts that may be expended by the Landlord.

SECTION 17: SURRENDER AND HOLDING OVER

17.1. Surrender. At the expiration or sooner termination of this Lease, Lessee shall promptly surrender possession of the Premises to the Landlord in substantially the same condition in which received (or, if altered, then the Premises shall be returned in such altered condition unless otherwise directed), reasonable wear and tear excepted.

17.2. Holding Over. If Lessee, with or without the consent of the Landlord, holds over after the expiration or sooner termination of this Lease, the resulting tenancy will, unless otherwise mutually agreed, be for an indefinite period of time on a month-to-month basis. During such month-to-month tenancy, Lessee shall pay to the Landlord, at the Landlord's sole

discretion, the same rental rate that was in effect immediately prior to the month-to-month tenancy. Lessee and Landlord will continue to be bound by all of the provisions of this Lease.

SECTION 18: COMPLIANCE WITH LAWS

18.1. Lessee's Compliance. Lessee shall not cause or permit the Premises to be used in any way which violates any law, ordinance, or governmental regulation or order. Lessee shall be responsible for complying with all laws applicable to the Premises as a result of the Permitted Use, and Lessee shall be responsible for making any changes or alterations as may be required by law, rule, regulation, or order for Lessee's Permitted Use at its sole cost and expense.

18.2. Landlord's Compliance. Landlord represents to Lessee that, as of the Commencement Date, to Landlord's knowledge, but without duty of investigation, and with the exception of any Lessee'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. If changes or alterations are required by rule, law, regulation, or order unrelated to the Permitted Use, Landlord shall make changes and alterations at its expense.

18.3. 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 Lessee 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 Lessee 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 Lessee, then Landlord shall indemnify, defend and hold Lessee 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 Lessee either during or after the Lease term as the result of such contamination.

Lessee shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises by Lessee, 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 Lessee breaches the obligations stated in the preceding sentence, then Lessee 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 Lessee 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. Lessee shall immediately notify Landlord of any inquiry, investigation or notice that Lessee may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises.

Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept or used in or about the Premises by Lessee, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, results in any unlawful release of any Hazardous Materials on the Premises or any other property, Lessee 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 will not be unreasonably withheld or delayed. The provisions of this Section shall survive expiration or termination of this Lease.

SECTION 19: MISCELLANEOUS

19.1. Notice. All notices hereunder shall be in writing and shall be delivered personally, by certified or registered mail, or by recognized overnight courier addressed as follows:

To Lessee:

Port of Seattle
Attn: Lease Administration
2711 Alaskan Way
Seattle, WA 98121

Commented [SR1]: Update with where we want invoices and notices to go.

To Lessee:

South Park Properties, LLC
8009 7th Ave., Suite 106
Seattle, WA 98108

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices shall be deemed delivered: (i) when personally delivered; (ii) on the third day after mailing when sent by certified or registered mail and the postmark affixed by the United States Postal Service shall be conclusive evidence of the date of mailing; or (iii) on the first business day after deposit with a recognized overnight courier if deposited in time to permit overnight delivery by such courier as determined by its posted cutoff times for receipt of items for overnight delivery to the recipient.

Payments may be made in the manner provided for notice or may be delivered by regular mail (postage prepaid).

19.2. Relationship to the Landlord and Lessee. Nothing contained herein shall be deemed or construed as creating the relationship of principal and agent, partnership, or joint venture partners, and no provision contained in this Lease nor any acts of Lessee and the Landlord shall be deemed to create any relationship other than that of Lessee and the Landlord.

19.3. Brokers. The Landlord and Lessee each warrant to the other that it has had no discussions, negotiations and/or other dealings with any real estate broker or agent in connection with the negotiation of this Lease, and that it knows of no other real estate broker or agent who is or may be entitled to any commission or finder's fee in connection with this Lease. The Landlord and Lessee each agree to indemnify and hold the other harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation, attorneys' fees and costs) with respect to any leasing commission or equivalent compensation alleged to be owing on account of such party's discussions, negotiations and/or dealings with any real estate broker or agent. This Section is not intended to benefit any third parties and shall not be deemed to give any rights to brokers or finders, and no commissions or finder's fees shall be paid.

19.4. Subordination, Attornment. Unless otherwise designated by the Landlord, this Lease shall be subordinate to all existing or future mortgages and deeds of trust on the Premises or any larger property of which the Premises may be a part, and to all extensions, renewals or replacements thereof. Within thirty (30) days of the Landlord's request, Lessee shall execute and deliver all instruments or certificates which may be necessary or appropriate to reflect such subordination. Notwithstanding the foregoing, Lessee shall not be required to subordinate to future mortgages or deeds of trust unless the mortgagee or beneficiary under the deed of trust agrees that if it becomes the owner of the property, it will recognize the Lease as long as Lessee is not in default. Within thirty (30) days of the Landlord's request, Lessee shall also execute and deliver to third parties designated by the Landlord an estoppel certificate or letter in the form requested by the Landlord or any lender the correctly recites the facts with respect to the existence, terms and status of this Lease. Lessee agrees to attorn to any successor to the Landlord following any foreclosure, sale or transfer in lieu thereof.

19.5. Estoppel Certificates. Either party shall, from time to time, upon written request of the requesting party, execute, acknowledge and deliver 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 against the enforcement of this Lease; (viii) the amount of Rent, if any, that Lessee paid in advance; (ix) the amount of security that Lessee deposited with Landlord; (x) if Lessee has sublet all or a portion of the Premises or assigned its interest in the Lease and to whom; (xi) if Lessee has any option to extend the Lease or option to purchase the Premises; and (xii) such other factual matters concerning the Lease or the Premises as either party may reasonably request. The parties acknowledge and agree that any statement delivered pursuant to this Section may be relied upon by a prospective purchaser or assignee of any mortgage or new mortgagee of any interest in the Premises.

19.6. Captions. The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.

19.7. Governing Law; Venue. This Lease shall be construed under the laws of Washington. Exclusive jurisdiction and venue for any action relating hereto shall be in the state or federal courts located in King County, Washington.

19.8. Attorneys' Fees. In the event that either party shall be required to bring any action to enforce any of the provisions of this Lease, or shall be required to defend any action brought by the other party with respect to this Lease, and in the further event that one party shall substantially prevail in such action, the losing party shall, in addition to all other payments required therein, pay all of the prevailing party's actual costs in connection with such action, including such sums as the court or courts may adjudge reasonable as attorneys' fees in the trial court and in any appellate courts.

19.9. Invalidity of Particular Provisions. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or enforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby and shall continue in full force and effect.

19.10. Survival of Indemnities. All indemnities provided in this Lease shall survive the expiration or any earlier termination of this Lease. In any litigation or proceeding within the scope of any indemnity provided in this Lease, Lessee shall, at the Landlord's option, defend the Landlord at Lessee's expense by counsel satisfactory to the Landlord.

19.11. Entire Agreement; Amendments. This Lease, together with any and all exhibits attached hereto, shall constitute the whole agreement between the parties. There are no terms, obligations, covenants or conditions other than those contained herein. No modification or amendment of this agreement shall be valid or effective unless evidenced by an agreement in writing signed by both parties.

19.12. Exhibits. Exhibits A, B and C are attached to this Lease after the signatures and by this reference incorporated herein.

SECTION 20: SIGNATURES

IN WITNESS WHEREOF the parties hereto have signed this Lease as of the day and year first above written.

PORT OF SEATTLE

LANDLORD

By: _____

By: _____

Its: _____

Its: _____

SECTION 21: ACKNOWLEDGMENTS

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this ____ day of _____, 20____, before me personally appeared _____, to me known to be the _____ of the PORT OF SEATTLE, the municipal corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

(Signature)

(Print Name)
Notary Public, in and for the State of Washington,
residing at _____
My Commission expires: _____

STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this ____ day of _____, 20____, before me personally appeared _____, to me known to be the _____ of _____, the individual/entity that executed the within and foregoing instrument as Landlord, and acknowledged said instrument to be the free and voluntary act and deed of said individual/entity, for the uses and purposes therein mentioned, and on oath stated that s/he was authorized to execute said instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

(Signature)

(Print Name)
Notary Public, in and for the State of Washington,
residing at _____
My Commission expires: _____

EXHIBIT A

– LEGAL DESCRIPTION –

Lots 1 2, 3, and 4 in Block 48 of Southpark Addition to the City of Seattle according to the plat thereof recorded in Volume 4 of plats, Page 87, records of King County, Washington

EXHIBIT B

– PREMISES –

Commented [SR2]: Will need to add this

EXHIBIT C

LANDLORD WORK

LESSEE WORK