



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

## Signature Report

February 19, 2014

Ordinance 17749

Proposed No. 2013-0318.2

Sponsors von Reichbauer and McDermott

1 AN ORDINANCE approving a lease for public health  
2 clinic facilities to provide continuing public health services  
3 in council district seven.

4 STATEMENT OF FACTS:

5 1. King County provides essential public health services and facilities to  
6 the citizens of King County in cooperation with partnering health care  
7 providers throughout King County.

8 2. The King County executive is authorized to lease county -owned real  
9 property as provided by K.C.C. 4.56.180.

10 3. The King County executive has negotiated with Healthpoint Ltd. for it  
11 to lease space in the county-owned Federal Way Public Health Center,  
12 located at 33431 13th Place South, Federal Way, within council district  
13 seven, and referred to as Lease 1747.

14 4. Under K.C.C. 4.56.150.E.1, the county may enter into lease agreements  
15 with bona fide nonprofit corporations that provide constitutes a benefit to  
16 the public. Agreements with these types of lessees are exempt from  
17 otherwise required leasing provisions, including receiving the fair market  
18 value rent for the leased premises.

19 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

20            **SECTION 1. Findings:**

21            A. Healthpoint Ltd. is a nonprofit corporation with the mission of strengthening  
22 communities and improving people's health by delivering quality health care services,  
23 breaking down barriers and providing access to all. As a bona fide nonprofit corporation  
24 organized and registered with the state of Washington to provide health services,  
25 Healthpoint Ltd. provides a benefit to the public in accordance with K.C.C. 4.56.150.E.1.

26            B. The parties executed the lease on or about May 31, 2013, with an effective  
27 date of January 1, 2012. However, there are some technical and administrative changes  
28 that should be made to the lease to clarify mutual obligations. These issues would be to  
29 include:

- 30            1. The referenced but missing arbitration provision; and
- 31            2. The county's current nondiscrimination provision.

32            **SECTION 2.** The King County council, having determined that the proposed  
33 lease agreement with Healthpoint Ltd is in the best interest of the public, hereby approves  
34 the lease provided as Attachment A to this ordinance and authorizes the executive to take  
35 all actions necessary to implement this lease contingent upon the execution of a lease  
36 amendment in substantial the same form as Attachment B to this ordinance. Upon  
37 execution of the amendment, the actions taken by county officials, agent and employees  
38 consistent with the terms and purposes of the lease will be hereby ratified, confirmed and  
39 approved.

40            **SECTION 3.** If any provision of this ordinance is declared by any court of  
41 competent jurisdiction to be contrary to law, then such provision is null and void and

42 shall be deemed separable from the remaining provisions of this ordinance and in no way  
43 affect the validity of the other provisions of this ordinance or the lease.  
44

Ordinance 17749 was introduced on 1/13/2014 and passed by the Metropolitan King County Council on 2/18/2014, by the following vote:

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

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

APPROVED this 26 day of FEBRUARY, 2014.



Dow Constantine, County Executive

**Attachments:** A. Public Health Lease Agreement #1747, B. Amendment 1 to Public Health Lease Agreement #1747

RECEIVED  
2014 FEB 27 AM 10:38  
CLERK  
KING COUNTY COUNCIL

**ATTACHMENT A:**

**PUBLIC HEALTH LEASE AGREEMENT #1747  
33431 13<sup>TH</sup> PLACE SOUTH, FEDERAL WAY**

**ORIGINAL**

Lease# 1747

## LEASE AGREEMENT

1. **PARTIES.** This lease dated the 31<sup>st</sup> day of May 2012, is between King County, a home rule charter county and a political subdivision of the State of Washington, and Healthpoint, Ltd., a Washington non-profit corporation, hereinafter called "Lessee."
2. **PREMISES AND BUILDING.** King County hereby leases to Lessee, upon the following terms and conditions, that portion of the Building known as the Federal Way Public Health Center located at 33431 13<sup>th</sup> Place South, Federal Way, WA 98003, containing approximately **9,296** rentable square feet as shown in shaded areas and highlighted common areas in the color red on Exhibit A (the "Premises"), or a modified floor plan negotiated between the parties and contained within the property legally described in Exhibit B.
3. **TERM.**
  - A. This lease term shall commence January 1, 2012 and expire on December 31, 2016.
  - B. If King County is unable to deliver possession of the Premises by the date specified for the commencement of the term as a result of causes beyond King County's reasonable control, King County shall not be liable for any damage caused for failing to deliver possession, and this lease shall not be void or voidable. Lessee shall not be liable for rent until King County delivers possession of the Premises to Lessee, but the term shall not be extended by the delay. If King County does not deliver possession of the Premises to Lessee within sixty (60) days after commencement of the term, Lessee may elect to terminate this lease by giving notice to King County at any time before the date King County delivers possession of the Premises to Lessee.
  - C. King County reserves the right to terminate this Lease for convenience upon 90 days written notice to Lessee.
4. **RENT.** Lessee shall pay rent to King County as reimbursement its prorata share of the actual estimated Annual Operation and Maintenance Cost and the Major Maintenance Contribution as reasonably estimated by King County based on the rentable area of the Premises. Lessee will also reimburse Lessor and bring current any outstanding prorata share of the operating and maintenance expenses as listed in Exhibit C. For the remainder of calendar year 2012, said monthly reimbursement shall be **NINETEEN THOUSAND THIRTY-THREE DOLLARS and FIFTY-SIX CENTS** (\$19,033.56) based upon rentable square footage and as depicted

on Exhibit A, payable in advance on or before the first (1<sup>st</sup>) day of each and every calendar month of the lease term.

The expense estimates are effective on January 1 of each succeeding year during the Term. All rents and tax shall be made payable to the KING COUNTY FINANCE OFFICE and are to be received in the office of the:

King County Real Estate Services Section  
King County Administration Building Rm 830  
500 Fourth Avenue  
Seattle, Washington 98104

Said rental is exclusive of any other sale, franchise, business or occupation, or other tax based on rents. Should any such taxes apply during the life of this lease, the rent shall be increased by such amount.

5. **USE.** Lessee shall use said premises for the following purposes and for no others without prior written consent of King County: Medical clinic, office and ancillary use.
6. **COMMON AREAS.** Lessee herein agrees to conform to King County rules and regulations pertaining to common areas of the Building.
  - A. **Common Areas Defined.** The term "Common Areas" means all areas and facilities outside the Premises and within the exterior boundaries of the Building that are provided and designated by King County from time to time for the general use and convenience of Lessee and of King County and other lessees and their respective authorized representatives and invitees contained within the boundaries of The Property.
  - B. **Maintenance and Management.** Lessee and King County shall cooperate to maintain and manage Common Areas. Lessee herein agrees to conform to King County rules and regulations pertaining to the Common Areas.
  - C. **Lessee's Right to Use.** King County gives to Lessee and its authorized representatives and invitees the nonexclusive right to use the Common Areas, with others who are entitled to use the Common Areas.
7. **SIGNS.** All signs, advertisements, notices, or other lettering to be exhibited, inscribed, painted, or affixed by Lessee on any part of the premises or within the common areas on the property shall be subject to the prior written consent of King County, provided that such consent shall not be unreasonably withheld. If Lessee violates this provision, King County may remove the sign without any liability and may charge the expense incurred by such removal to the Lessee provided, however, King

County shall give Lessee written notice of Lessee's violation of this provision and Lessee shall have forty-eight (48) hours after receiving said notice to comply with the terms of this provision. All signs erected or installed by Lessee shall be subject to any federal, state or local statutes, ordinances or regulations applicable to signs.

8. **PARKING.** All parking serving the Building shall be shared between King County and Tenant on a non-exclusive basis.
9. **ENTIRE AGREEMENT – AMENDMENTS.** This printed lease together with the attached Terms and Conditions and any and all exhibits expressly incorporated herein by reference and 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 lease shall be valid or effective unless evidenced by an agreement in writing signed by both parties.
10. **NOTICES.** Required notices except legal notices shall be given in writing to the following respective address:

If to COUNTY, to:  
King County Real Estate Services Section  
King County Administration Building Rm 830  
500 - 4<sup>th</sup> Avenue  
Seattle, WA 98104

If to LESSEE, to:  
Healthpoint  
955 Powell Ave SW  
Renton, WA 98057-2908

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed.

11. **TENANT IMPROVEMENTS.** Lessor shall adjust the 2012 rent payable by Lessee to Lessor for the four month period from January through April, by including a credit in the amount of twenty-three thousand four hundred eighty-three dollars and thirty-eight cents (\$23,483.38) to reflect payment for certain tenant improvements by the Lessee. The net rent payment for January through April shall be five thousand eight hundred twenty-six dollars and forty-six cents (\$5,826.46).

IN WITNESS WHEREOF, the Lessor and Lessee have executed this lease on the dates specified below.

LESSEE: Healthpoint

LESSOR: King County, Washington

By: ~~Thomas R. Meyer~~

By: Steve Salyer

By: ~~Thomas R. Meyer~~

Steve Salyer, Manager  
Property Services Division

Date: 5/23/2013

Date: 5/21/13

APPROVED AS TO FORM ONLY:

By: [Signature]  
Senior Deputy Prosecuting Attorney

Date: 6-18-12

Public Health - Seattle & King County

By: [Signature]

Date: 5-31-13





## KING COUNTY GENERAL TERMS AND CONDITIONS

1. **LATE PAYMENT, TAXES, LICENSES, FEES AND ASSESSMENTS.**

A. **LATE PAYMENTS.** There will be a late collection charge of FIFTY DOLLARS (\$50.00) or the maximum rate permitted by law, plus one and a half percent (1 ½%) per month interest for any delinquent rental not delivered to King County by the tenth (10<sup>th</sup>) of the month.

B. **LEASEHOLD TAX.** A Leasehold Excise Tax, if applicable, is levied pursuant to the Revised Code of Washington (RC.W.) Chapter 82.29A. The Lessee agrees to pay this tax to King County. If the State of Washington changes the Leasehold Excise Tax or if King County receives authorization to levy this tax, the tax payable shall be correspondingly changed.

C. **LICENSE, TAXES AND FEES.** Lessee shall pay throughout the term of this Lease all applicable taxes and all license and excise and other applicable fees.

D. **OTHER CONSIDERATION.** No offset, reduction, or credit toward rent shall be allowed unless it is in writing and signed by the Manager of the Real Estate Services Section of King County.

2. **COMPLIANCE WITH ALL LAWS AND REGULATIONS.** In using the premises, Lessee will comply with all applicable laws, ordinances, and regulations from any and all authorities having jurisdiction. The Lessee specifically agrees to comply and pay all costs associated with achieving such compliance without any notice from King County, and further agrees that King County does not waive this section by giving notice of demand for compliance in any instance.

3. **UTILITIES.** Lessee shall pay for all ongoing costs, expenses, fees, services, and charges of all kinds for telephone and for all Lessee required Information Technology costs.

4. **IMPROVEMENTS AND ALTERATIONS.**

A. Lessee shall make no alterations or improvements to or upon the premises, or install any fixtures, equipment or utilities (other than trade fixtures which can be removed without injury to the premises) without first obtaining written approval from King County.

B. Unless otherwise stipulated, all improvements or alterations erected or made on the premises shall, upon expiration or earlier termination of

this Lease, belong to King County without compensation to the Lessee; however, King County shall have the option, to be exercised on expiration or earlier termination of the Lease, to require the Lessee, at Lessee's expense, to remove any or all such improvements or alterations.

5. **CONDITION OF PREMISES.** The Lessee has inspected and knows the condition of the premises and it is understood and agreed that the premises are leased on an "as is" basis without any obligation on the part of King County to make any changes, improvements, or to incur any expenses whatsoever for the repair of the premises.
6. **CONSTRUCTION DEFECTS.** King County shall not be liable to the Lessee for claims or damages arising from any defect in the construction of or the present condition of the premises, whether known or unknown, or for damage by storm, rain, or leakage or any other occurrence.
7. **MAINTENANCE.**

A. King County shall throughout the Term of this Lease provide utilities (excluding Lessee's Information Technology components and telephone), electricity, water, sewer, security, garbage removal, maintenance, repairs, recycling and janitorial service, property management and building maintenance commensurate with good building management practices to the Premises at its own cost and expense.

B. King County agrees to keep the building in which the premises are located and the premises in good repair, suitable for use as the purpose so defined in paragraph five of the lease. During the term of the lease, King County shall repair malfunctioning fixtures, and repair and maintain the structural portions of the building and the basic plumbing, air condition, heating and electrical systems, unless such repairs are required as a result, in whole or in part, of the act or neglect of any duty by Lessee, its agents, servants, employees, or invitees, in which event Lessee shall pay to Lessor the reasonable cost of such maintenance and repairs, Lessor shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Lessor by Lessee.

C. King County shall throughout the Term of this Lease maintain and repair the Common Area.

D. Lessee shall throughout the term of this Lease without cost or expense to King County, keep and maintain its furniture, fixtures and equipment and all improvements installed or constructed by Lessee within the leased premises in a neat, clean, and sanitary condition and shall, except for reasonable wear and tear, at all times preserve the premises in good and safe repair. Upon the expiration or sooner termination of the Lease, Lessee shall forthwith return the same in as good condition as existed at the commencement of occupancy (ordinary wear and tear excepted).

8. **INDEMNITY AND HOLD HARMLESS**. The Lessee agrees to indemnify and hold King County harmless as provided herein to the maximum extent possible under law. Accordingly, the Lessee agrees for itself, its successors, and assigns, to defend, indemnify, and hold harmless King County, its appointed and elected officials, and employees from and against liability for all claims, demands, suits, and judgments, including costs of defense thereof for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to Lessee's exercise of rights and privileges granted by this Lease Agreement, except to the extent of Lessor's sole negligence. The Lessee's obligations under this section shall include:

A. The duty to promptly accept tender of defense and provide defense to the County at the Lessee's own expense;

B. Indemnification of claims made by the Lessee's own employees or agents; and,

C. Waiver of the Lessee's immunity under the industrial insurance provisions of Title 51 R.C.W. but only to the extent necessary to indemnify King County, which waiver has been mutually negotiated by the parties.

In the event it is necessary for the County to incur attorney's fees, legal expenses or other costs to enforce the provisions of this section, all such fees, expenses and costs shall be recoverable from the Lessee.

In the event it is determined that R.C.W. 4.24.115 applies to this Lease Agreement, the Lessee agrees to defend, hold harmless, and indemnify King County to the maximum extent permitted thereunder, and specifically for its negligence concurrent with that of King County to the full extent of Lessee's negligence. Lessee agrees to defend, indemnify, and hold harmless the County for claims by Lessee's employees and agrees to waiver of its immunity under Title 51 R.C.W., which waiver has been mutually negotiated by the parties.

The provisions of this Section 8 shall survive the expiration, abandonment or termination of this Lease. Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Lease.

9. **FIRE INSURANCE.** No use shall be made or permitted to be made of the premises, nor acts done which will increase the existing rate of insurance upon the premises, or cause the cancellation of any insurance policy covering the premises or any part thereof, nor shall Lessee sell or permit to be kept, used, or sold in or about the premises, any article which may be prohibited by the standard form of fire insurance policies. Lessee shall at its sole cost and expense, comply with any and all requirements pertaining to the premises. Lessee agrees to pay to King County as additional rent, any increase in premiums on policies which may be carried by King County on the premises covering damages and loss of rent caused by fire and the perils normally included in extended coverage above the rates for the least hazardous type of occupancy for industrial, warehousing, office and distribution operations.

10. **INSURANCE REQUIREMENTS.** By the date of execution of this Lease, the Lessee shall procure and maintain for the duration of this Lease, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with exercise of the rights and privileges granted by this lease, by the Lessee, his agents, representatives, and employees/subcontractors. The cost of such insurance shall be paid by the Lessee.

By requiring such minimum insurance coverage, the County shall not be deemed or construed to have assessed the risks that may be applicable to the Lessee under this contract. The Lessee shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits and/or broader coverage.

Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage will apply to each insured to the full extent provided by the terms and conditions of the policy(s).

Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Agreement.

For all coverages: Each insurance policy shall be written on an "Occurrence" form.

F. Minimum Scope of Insurance

Coverage shall be at least as broad as:

General Liability: Insurance Services Office Form No. CG 00 01 Ed. 11-88, covering COMMERCIAL GENERAL LIABILITY.

B. Minimum Limits of Insurance

The Lessee shall maintain limits for General Liability no less than **\$1,000,000 per occurrence and \$2,000,000 aggregate** for bodily injury, personal injury, and property damage.

C. Deductibles and Self-insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by King County. The deductible and or self-insured retention of the policies shall not limit or apply to the Lessee's liability to the County and shall be the sole responsibility of the Lessee.

D. Other Insurance Provisions

The insurance policies required in this Lease are to contain or be endorsed to contain the following provisions:

General Liability Policy:

1. King County, its officers, officials, employees, and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of the Lessee in connection with this Lease.
2. The Lessee's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees, and agents. Any insurance and/or self-insurance maintained by the County, its officers, officials, employees, or agents shall not contribute with the Lessee's insurance or benefit the Lessee in any way.
3. The Lessee's insurance shall apply separately to each insured against whom a claim is made and or lawsuit is brought, except with respect to the limits of the insurer's liability.

All Policies:

Coverage shall not be suspended, voided, canceled, reduced in coverage or in limits, until after thirty (30) days prior notice - return receipt requested, has been given to the County.

E. Acceptability of Insurers

Insurance is to be placed with insurers with a Bests' rating of no less than A: VIII, or if not rated with Bests' with minimum surpluses, the equivalent of Bests' surplus size VIII.

If at any time, of the foregoing policies fail to meet the above stated requirements, the Lessee shall, upon notice to that effect from the County, promptly obtain a new policy, and shall submit the same to the County, with the appropriate certificates and endorsements for approval.

F. Verification of Coverage

Lessee shall furnish the County with certificate(s) of insurance and endorsement(s) required by this Lease. The certificate(s) and endorsement(s) for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements for each insurance policy are to be on forms approved by the County and are to be received and approved by the County prior to the commencement of activities associated with the Lease. The County reserves the right to require complete certified copies of all required insurance policies at any time.

11. **MUTUAL RELEASE AND WAIVER.** To the extent a loss is covered by insurance in force, King County and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies, including any extended coverage endorsements hereto; provided that this Agreement shall be inapplicable if it would have the effect of invalidating any insurance coverage of King County or the Lessee.
12. **SURRENDER OF PREMISES.** At the expiration or earlier termination of this Lease, Lessee shall promptly surrender possession of the premises to King County, and shall deliver to King County all keys that it may have to any and all parts of the premises and property.
13. **DEFAULT AND RE-ENTRY.** If any rents above reserved or other obligations provided herein, or any part thereof shall be and remain unpaid when the same shall become due, or if Lessee shall violate or default on any of the covenants and agreements herein contained, then King County may cancel this Lease upon giving the notice required by law and re-enter said premises using such force as may be required.
  - a. Notwithstanding such re-entry by King County, the liability of the Lessee for the rent provided for herein shall not be extinguished for the balance of the term of this Lease, and Lessee covenants and agrees to make good to King County any deficiency arising from a

re-entry and reletting of the premises at a lesser rental than agreed to herein. The Lessee shall pay such deficiency each month as the amount thereof is ascertained by King County. In the event it becomes reasonably necessary to make any changes, alterations, or additions to the premises or any part thereof for the purpose of reletting said premises or any part thereof, Lessee shall also be responsible for such cost.

14. **ASSURANCE OF PERFORMANCE.** In the event a default in the performance of any obligation under this Lease which remains uncured for more than ten (10) days after demand, King County may request and the Lessee shall provide adequate assurance of the future performance of all obligations under this Lease. The adequacy of any assurance shall be determined according to commercially reasonable standards for Lessors of real property in the County of King, State of Washington. Adequate assurance shall include, but not be limited to, a deposit in escrow, a guarantee by a third party acceptable to King County, a surety bond, or a letter of credit. Lessee's failure to provide adequate assurance within twenty (20) days of receipt of a request shall constitute a material breach and King County may in its discretion terminate this Lease.
15. **ADVANCES BY KING COUNTY FOR LESSEE.** If Lessee fails to pay any fees or perform any of its obligations under this Lease other than payment of rent, King County will mail notice to Lessee of its failure to pay or perform. Twenty (20) days after mailing notice, if Lessee's obligation remains unpaid or unperformed, King County may pay or perform these obligations at Lessee's expense. Upon written notification to Lessee of any costs incurred by King County under this paragraph, Lessee will reimburse King County within twenty (20) days.
16. **NON-WAIVER.** It is hereby agreed that no waiver of any condition or covenant in this Lease or any breach thereof, shall be taken to constitute waiver of any subsequent breach.
17. **INSPECTION AND "FOR RENT" SIGNS.** King County reserves the right to inspect the premises at any and all reasonable times throughout the term of this Lease, provided that King County shall not interfere unduly with Lessee's operations. The right of inspection reserved to King County hereunder shall impose no obligation on King County to make inspections to ascertain the condition of the premises, and shall impose no liability upon King County for failure to make such inspections. King County shall have the right to place and maintain "For Rent" signs in conspicuous places on the premises and property for thirty (30) days prior to the expiration or sooner termination of this Lease.



18. **LIENS.** It is understood and agreed that this Lease is executed and delivered upon the express condition that the Lessee will not and cannot contract any debt or debts for labor, materials, services, or otherwise which will or may become a lien against the interest of King County in the premises or the property, and King County hereby denies to Lessee any right, power, or authority to do any act, or contract any obligation or liability which would in any way subject the interest of King County in the premises or the property to any lien, claim, or demand whatsoever.

19. **ASSIGNMENT OR SUBLEASE.**

A. Lessee shall not assign or transfer this Lease or any interest therein, nor sublet the whole or any part of the premises, nor grant an option for assignment, transfer or sublease for the whole or any part of the premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law, or by any process or proceeding of any court or otherwise without the prior written consent of King County, which consent shall not be unreasonably withheld. If Lessee is a corporation, Lessee further agrees that if at any time during the term of this Lease one-half (1/2) or more of the outstanding shares of any class of stock of Lessee's corporation shall belong to any stockholders other than those who own one-half or more of the outstanding shares of that class of stock at the time of the execution of this Lease, or to members of their immediate families, such change in the ownership of the stock of the Lessee shall be deemed an assignment of this Lease within the meaning of this paragraph. If King County shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall be made without the County's consent.

B. If Lessee desires to assign, transfer, or sublease, or grant an option for assignment, transfer or sublease, for the whole or part of the premises, or any portion of this Lease or any interest therein, Lessee shall notify King County in writing of said desire to assign or transfer and the details of the proposed agreement at least sixty (60) days prior to the proposed date of assignment, transfer, or sublease to a third party. The notification shall include but not be limited to a financial statement of the proposed assignee, including but not limited to a full disclosure of the monetary payment or any other considerations involved, and an affidavit from the proposed assignee stating he has examined this Lease, understanding this Lease, agrees to assume and be bound by all of the Lessee's obligations and covenants under this lease, the same as if it were the original Lessee hereunder, and the proposed date of assignment, transfer or sublease.

C. King County reserves the right of opportunity in the event Lessee attempts to assign or sublease any portion of the above mentioned parcel to any party independent of itself unless the new assignment is necessary for purposes of financing. Lessee shall provide with its notice of intent to sublease or assign, a proration of value as to "Included Property" as defined below and the value of the leased premises. Should the parties be in dispute of this proration, Paragraph 2C of these General Terms and Conditions, ARBITRATION, shall prevail.

D. If Lessee assigns its interest, other than to a subsidiary, affiliate or parent company of Lessee, Lessee (Assignor) shall pay King County, as Additional Rent, at least Seventy-five percent (75%) of the Assignment Premium derived from that assignment. "Assignment Premium" shall mean all rent, additional rent, and/or other moneys, property, and other consideration of every kind whatsoever received by Lessee (Assignor) from the assignee for, or by reason of, the assignment (including all amounts received by Lessee (Assignor) for any Included Property). If lessee subleases, other than to a subsidiary, affiliate or parent company of Lessee, Lessee shall pay King County, as Additional Rent, Seventy-five percent (75%) of the Sublease Premium derived from that sublease. "Sublease Premium" shall mean all rent, additional rent, and/or other moneys, property, and other consideration of every kind whatsoever received by Lessee from the sublessee for, or by reason of, the sublease (including all amounts received by Lessee for any Included Property). "Included Property" means only the leasehold improvements added by the Lessee, and any nonremovable fixtures purchased by the Lessee attached thereto, that are transferred to the assignee or the sublessee as part of the transaction. Lessee shall pay the Assignment Premium or Sublease Premium to King County as and when Lessee receives payment from such assignee.

E. Credits. The following shall be subtracted from what otherwise would be owed for a Sublease Premium or Assignment premium:

- i. any costs, fees or commissions actually paid by Lessee (Assignor) to procure the assignment or sublease, amortized over the term of the assignment or sublease, including, without limitation, fees and commissions paid to attorneys and licensed real estate brokers;
- ii. The actual cost of leasehold improvements undertaken by Lessee solely to prepare the space for the assignee or sublessee (amortized over the term of the assignment or sublease commencing with the date on which the assignment or the sublease term commences);

iii. the unamortized cost of Included Property, if any, determined on a straight-line basis over the term of the original lease, not the assignment or sublease, as certified to King County by Lessee's independent certified public accountant (at Lessee's expense, the cost of which may be deducted from the Sublease or Assignment Premium); and

iv. Fixed rent and additional rent allocable to the space covered by such sublease.

v. The "Goodwill Value" or Going Concern Value" of any business being sold or transferred as a part of the assignment. Unless otherwise agreed to by Lessee and King County, "Goodwill Value" or "Going Concern Value" shall be determined by a qualified valuation expert employing standard and generally recognized methods of business valuation. Lessee shall pay the cost of such valuation and may deduct such costs from the Assignment Premium.

F. King County will review the request and respond with either an approval or disapproval of the request not later than ten (10) days prior to the proposed date. Disapproval of any such request shall be final and binding on the Lessee and not subject to any arbitration, provided that any approval will not be unreasonably withheld. King County shall charge to the Lessee a reasonable fee for administrative costs in reviewing and processing any assignment or sublease. Lessee may assign this Lease to any wholly owned subsidiary without obtaining King County's consent or payment of fees.

20. **DAMAGE OR DESTRUCTION.** In the event the premises are damaged to such an extent as to render them untenable or the Lessee cannot conduct its normal course of business, in whole or in part and Lessor elects to repair or rebuild, the work shall be prosecuted without necessary delay. Rent shall be abated while such work is in progress, in the same ratio that the portion of the leased premises that is unfit for occupancy shall bear to the whole of the leased premises. If after a reasonable time the Lessor shall fail to proceed to repair or rebuild, Lessee shall have the right to declare this lease terminated by written notice served on the Lessor. In the event the building, in which the leased premises are located, shall be destroyed or damaged to such extent that in the opinion of the Lessor it shall not be practical to repair or rebuild, it shall be optional with Lessor to terminate this lease by written notice to Lessee within one hundred twenty days after such damage or destruction.

**21. CONDEMNATION.**

A. King County and Lessee will immediately notify the other in writing of the receipt of notice of any proceedings with respect to a condemnation or intent of any authority to exercise the power of eminent domain.

B. If all of the premises are taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this Lease, this Lease terminates as of the date condemner takes possession, and Lessee will have no claim or interest in or to any award of just compensation except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in any improvement taken by the condemner made to the premises by the Lessee, but not to exceed the amount of that part, if any, of the award attributable to the value of the improvements.

C. If part of the premises is taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the expiration of the term of this Lease, King County or Lessee may choose to terminate this Lease as of the date the condemner takes possession. If neither King County nor Lessee elects to terminate this Lease, the rent will be reduced in the same proportion that the value of the portion of the premises to be taken bears to the value of the entire premises as of the date condemner takes possession. Lessee will have no claim or interest in or to any award of just compensation or damages except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in the part taken by the condemner of any improvements made to the premises by the Lessee, but not to exceed the amount of that part, if any, of the award attributable to the value of the improvements.

D. If temporary use of all or a portion of the premises is taken by any lawful authority for a period which would reduce the leasehold and, consequently, would cause the premises to be untenable for the use by Lessee for the purposes set forth in the section of this Lease titled "Use," then, at Lessee's determination, King County or Lessee may choose to terminate this Lease. If King County or Lessee elect to terminate the Lease, the Lease will terminate the date the condemner takes possession and Lessee will have no claim or interest in or to any award of just compensation except that the Lessee will be entitled to an amount equal to the fair market value of the Lessee's leasehold interest in any improvements made to the premises by the Lessee. If neither King County nor Lessee elects to terminate this Lease, the Lease will continue in full force and Lessee will be entitled to receive any award from the condemner for the use of all or part of the premises, EXCEPT

that Lessee may elect to have the rents reduced by the amount proportionally attributable to any partial temporary taking, in which event Lessee shall not be entitled to any portion of the award attributable to said use.

E. It is understood and agreed that Lessee shall not be party to any negotiation or proceedings at law wherein King County claims compensation other than that which is defined statutorily as constituting "just compensation."

22. **ANTI-DISCRIMINATION.** In all services or activities and all hiring or employment made possible by or resulting from this Lease, there shall be no discrimination against any employee or applicant for employment because of sex, age (except minimum age and retirement provisions), race, color, creed, national origin, marital status, sexual orientation, or the presence of any sensory, mental, or physical handicap, unless based upon a bona fide occupational qualification. This requirement shall apply to but not be limited to the following: Employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Lessee shall not violate any of the terms of R.C.W. 49.60, Title VII of the Civil Rights Act of 1964, King County Code 12.16.020, or any other applicable federal, state, or local law or regulations regarding non-discrimination. Any violation of this provision shall be considered a violation of a material provision of this Lease and shall be grounds for cancellation, termination, or suspension, in whole or in part of the lease by the County, and may result in ineligibility for further County agreements. The Lessee will also comply with other anti-discrimination laws or requirements of any and all jurisdictions having authority.
23. **HEIRS, AGENTS, AND ASSIGNS.** Without limiting any provisions of this Lease pertaining to assignment and subletting, the provisions of this Lease bind the heirs, successors, agents and assigns of any of the parties to this Lease.
24. **CAPTIONS.** The captions in this Lease are for convenience only and do not in any way limit or amplify the provisions of this Lease.
25. **TIME IS OF THE ESSENCE.** Time is of the essence of this Lease, and in the event of the failure of Lessee to pay any charges at the time in the manner herein specified, or to keep any of the covenants or agreements herein set forth, the Lessee shall be in default.

26. **CUMULATIVE REMEDIES.** No provision of this Lease precludes King County from pursuing any other remedies for Lessee's failure to perform his obligations.
27. **ATTORNEYS' FEES/COLLECTION CHARGES.** In the event legal action is brought by either party to enforce any of the terms, conditions, or provisions of this Lease, the prevailing party shall recover against the other party in addition to the costs allowed by law, such sum as the court may adjudge to be a reasonable attorney's fee. In addition to all other charges, Lessee shall pay a charge of \$150.00 to King County for preparation of a demand for delinquent rent or a notice of default.
28. **HOLDING OVER.** If the Lessee holds over after the expiration or earlier termination of the term hereof without the express written consent of King County, Lessee shall become a tenant at sufferance only at a rental rate equal to one hundred-twenty five percent (125%) of the rent in effect upon the date of such expiration (prorated on a daily basis), and otherwise subject to the terms, covenants, and conditions herein specified so far as applicable. Acceptance by King County of rent after such expiration or earlier termination shall not result in a renewal of this Lease, nor affect King County's right of re-entry or any rights of King County hereunder or as otherwise provided by law. If Lessee fails to surrender the premises upon the expiration of this Lease despite demand to do so by King County, Lessee shall indemnify and hold King County harmless from all loss or liability including, without limitation, any claim made by any succeeding Lessee founded on or resulting from such failure to surrender and together with interest, attorney's fees, and costs.
29. **HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE.**
- A. Definition. "Hazardous Materials" as used herein shall mean:
1. Any toxic substances or waste, sewage, petroleum products, radioactive substances, medical, heavy metals, corrosive, noxious, acidic, bacteriological or disease-producing substances; or
  2. Any dangerous waste or hazardous waste as defined in:
    - a. Washington Hazardous Waste Management Act as now existing or hereafter amended (RCW Ch. 70.105); or
    - b. Resource Conservation and Recovery Act as now existing or hereafter amended (42 U.S.C. Sec. 6901 et seq.);

or

3. Any hazardous substance as defined in:

a. Comprehensive Environmental Response, Compensation and Liability Act of 1980 as now existing or hereafter amended (42 U.S.C. Sec. 9601 et seq.); or

b. Washington Model Toxics Control Act as now existing or hereafter amended (RCW Ch. 70.105); or

4. Any pollutants, contaminants, or substances posing a danger or threat to public health, safety or welfare, or the environment, which are regulated or controlled as such by any applicable federal, state or local laws, ordinances or regulations as now existing or hereafter amended.

B. Lessee shall not without first obtaining King County's prior written approval, use, generate, release, handle, spill, store, treat, deposit, transport, or dispose of any Hazardous Materials in, on, or about the premises, or transport any Hazardous Material to or from the premises. In the event, and only in the event, King County approves any of the foregoing, Lessee agrees that such activity shall occur safely and in compliance with all applicable federal, state, and local laws, ordinances and regulations.

C. Environmental Compliance.

1. Lessee shall, at Lessee's own expense, comply with all federal, state and local laws, ordinances and regulations now or hereafter affecting the premises, Lessee's business, or any activity or condition on or about the premises, including, without limitation, all laws, ordinances and regulations related to Hazardous Materials and all other environmental laws, ordinances and regulations, and any other laws relating to the improvements on the premises, soil and groundwater, storm water discharges, or the air in and around the premises, as well as such rules as may be formulated by King County ("the Laws"). Lessee warrants that its business and all activities to be conducted or performed in, on, or about the premises shall comply with all of the Laws. Lessee agrees to change, reduce, or stop any non-complying activity, or install necessary equipment, safety devices, pollution control systems, or other installations may be necessary at any time during the lease to comply with the Laws.

2. Lessee shall not cause, or permit to occur, any violation of the Laws on, under, or about the premises, or arising from Lessee's

use or occupancy of the Premises, including, but not limited to, soil and ground water conditions.

3. Lessee shall promptly provide all information regarding any activity of Lessee related to Hazardous Materials on or about the premises that is requested by King County. If Lessee fails to fulfill any duty imposed under this paragraph within a reasonable time, King County may do so; and in such case, Lessee shall cooperate with King County in order to prepare all documents King County deems necessary or appropriate to determine the applicability of the Laws to the premises and Lessee's use thereof, and for compliance therewith, and Lessee shall execute all documents promptly upon King County's request. No such action by King County and no attempt made by King County to mitigate damages shall constitute a waiver of any of Lessee's obligations under this paragraph.

4. Lessee shall, at Lessee's own expense, make all submissions to, provide all information required by, and comply with all requirements of all governmental authorities ("the Authorities") under the Laws.

5. Should any Authority demand that a cleanup plan be prepared and that a cleanup be undertaken because of any deposit, spill, discharge or other release of Hazardous Materials that occurs during the term of this Lease at or from the Premises, or which arises at any time from Lessee's use of occupancy of the Premises, then Lessee shall, at Lessee's own expense, prepare and submit the required plans and all related bonds and other financial assurances; and Lessee shall carry out all such cleanup plans. Any such plans and cleanup are subject to King County's prior written approval.

D. Indemnification.

1. Lessee shall be fully and completely liable to King County for any and all cleanup costs, and any and all other charges, fees, penalties (civil and criminal) imposed by any Authority with respect to Lessee's use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials in or about the premises, common area, or buildings. Lessee shall indemnify, defend, and save King County harmless from any and all of the costs, fees, penalties, and charges assessed against or imposed upon King County (as well as King County's attorney's fees and costs) by any Authority as a result of Lessee's use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials, or from Lessee's failure to provide all



information, make all submissions, and take all steps required by all Authorities under the Laws.

2. Lessee shall indemnify and hold King County harmless from any and all claims, liabilities, lawsuits, damages, and expenses, including reasonable attorney's fees, for bodily injury or death, property damage, loss, or costs caused by or arising from the use, disposal, transportation, generation, release, handling, spillage, storage, treatment, deposit and/or sale of Hazardous Materials by Lessee or any of its agents, representatives or employees in, on, or about the premises occurring during the term of the this Lease.

E. Reporting Requirements. Lessee shall comply with the Laws requiring the submission, reporting, or filing of information concerning Hazardous Materials with the Authorities, and shall provide to King County a full copy of any such filing or report as submitted within 15 days of such submission.

F. Right to Check on Lessee's Environmental Compliance. King County expressly reserves the right, and Lessee shall fully cooperate in allowing, from time to time, such examinations, tests, inspections, and reviews of the premises as King County, in its sole and absolute discretion, shall determine to be advisable in order to evaluate any potential environmental problems.

G. Remedies. Upon Lessee's default under this Section 29 HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE, King County shall be entitled to the following rights and remedies in addition to any other rights and remedies that may be available to the County:

1. At King County's option, to terminate this Lease immediately; and/or,

2. At King County's option, to perform such response, remediation and/or cleanup as is required to bring the premises and any other areas of King County property affected by Lessee's default into compliance with the Laws and to recover from Lessee all of the County's costs in connection therewith; and/or

3. To recover from Lessee any and all damages associated with the default, including but not limited to, response, remediation and cleanup costs and charges, civil and criminal penalties and fees, adverse impacts on marketing the premises or any other adjacent areas of King County property, loss of business and sales by King County and other King County lessees, diminution of value of the premises and/or other adjacent areas owned by King County, the loss of or restriction of useful space in the premises and/or other

adjacent areas owned by King County, any and all damages and claims asserted by third parties, and King County's attorney's fees and costs.

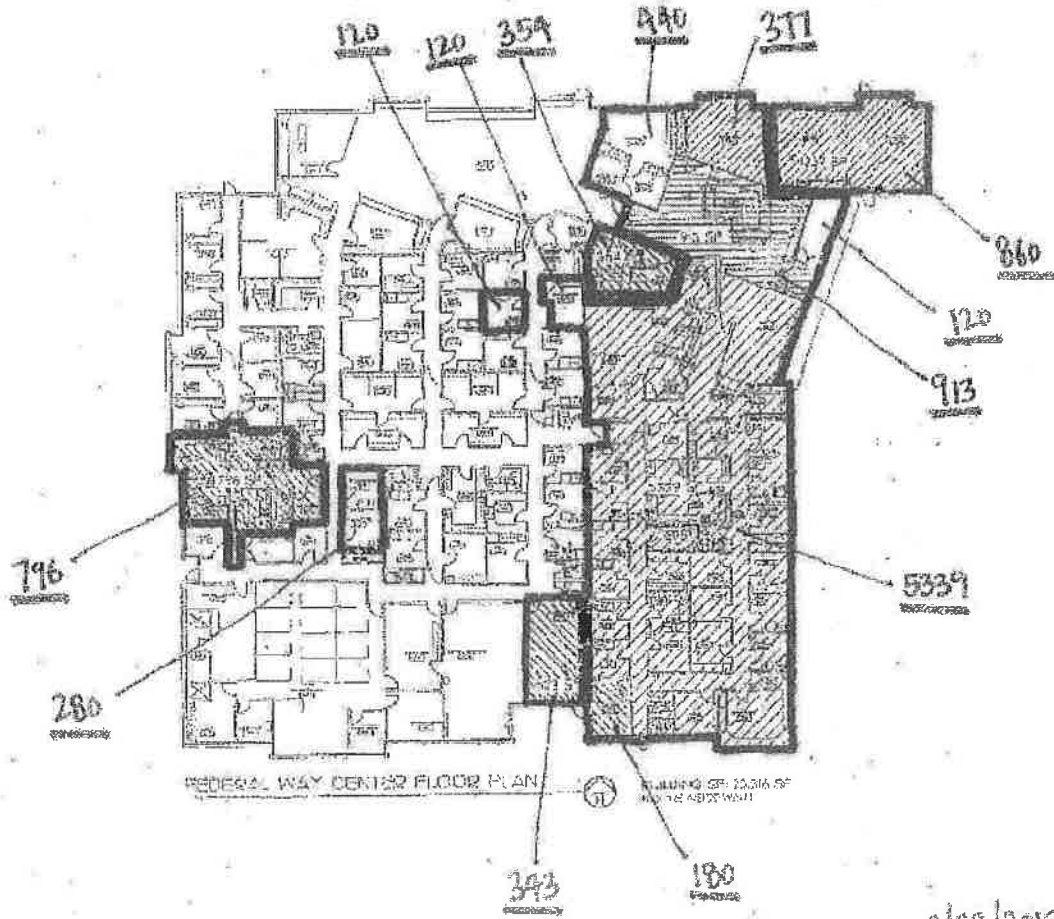
H. Remediation on Termination of Lease. Upon the expiration or earlier termination of this Lease, Lessee shall remove, remediate or clean up any Hazardous Materials on, or emanating from, the premises, Lessee shall undertake whatever other action may be necessary to bring the premises into full compliance with the Laws ("Termination Cleanup"). The process for such Termination Cleanup is subject to King County's prior written approval. If Lessee fails or refuses to commence the Termination Cleanup process, or fails to reasonably proceed toward completion of such process, King County may elect to perform such Termination Cleanup after providing Lessee with written notice of the County's intent to commence Termination Cleanup, and after providing Lessee a reasonable opportunity, which shall be not less than ninety (90) days after such notice (unless King County is given notice by a government agency with jurisdiction over such matter that Termination Cleanup must commence within a shorter time, in which case King County shall give Lessee notice of such shorter time), to commence or resume the Termination Cleanup process. If King County performs such Termination Cleanup after said notice and Lessee's failure to perform same, Lessee shall pay all of King County's costs.

I. Survival. Lessee's obligations and liabilities under this Section 29, HAZARDOUS MATERIALS AND ENVIRONMENTAL COMPLIANCE, shall survive the expiration of this Lease.

30. **SEVERABILITY**. If any term or provision of this Lease or the application of any term or provision to any person or circumstance is invalid or unenforceable, the remainder of this Lease, or the application of the term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected and will continue in full force.

END OF GENERAL TERMS AND CONDITIONS

### EXHIBIT A The Premises



Total Common Area - 1,557 sq ft

Health point area - 8,685 sq ft

Healthpoint share of common area - 611 sq ft



EXHIBIT B

Legal Description of The Property

Lots 7 and 8, Seacoma Business Park, according to the Plat recorded in Volume 113 of Plats, Pages 37 - 40, in King County, Washington AKA Lots 7 and 8 of BLA-91-0010 recording number 199206119002

**EXHIBIT C**  
**Schedule for 2012**

|                     | <b>Healthpoint Paid</b> | <b>Actual Cost</b>  | <b>Amount Due</b>   |
|---------------------|-------------------------|---------------------|---------------------|
| <b>January-12</b>   | \$11,706.10             | \$19,033.56         | \$7,327.46          |
| Fire Panel          | \$7,327.46              |                     | \$7,327.46          |
| <b>February-12</b>  | \$11,706.10             | \$19,033.56         | \$7,327.46          |
| Fire Panel          | \$7,327.46              |                     | \$7,327.46          |
| <b>March-12</b>     | \$11,706.10             | \$19,033.56         | \$7,327.46          |
| Fire Panel          | \$7,327.46              |                     | \$7,327.46          |
| <b>April-12</b>     | \$11,706.10             | \$19,033.56         | \$7,327.46          |
| Fire Panel          | \$1,501.00              |                     | \$1,501.00          |
| <b>May-12</b>       | \$11,706.10             | \$19,033.56         | \$7,327.46          |
| <b>June-12</b>      | \$11,706.10             | \$19,033.56         | \$7,327.46          |
| <b>July-12</b>      |                         | \$19,033.56         | \$19,033.56         |
| <b>August-12</b>    |                         | \$19,033.56         | \$19,033.56         |
| <b>September-12</b> |                         | \$19,033.56         | \$19,033.56         |
| <b>October-12</b>   |                         | \$19,033.56         | \$19,033.56         |
| <b>November-12</b>  |                         | \$19,033.56         | \$19,033.56         |
| <b>December-12</b>  |                         | \$19,033.56         | \$19,033.56         |
| <b>2012 Total</b>   | <b>\$93,719.98</b>      | <b>\$228,402.72</b> | <b>\$134,682.74</b> |
| <b>2012 Per SF</b>  | <b>\$19.60</b>          | <b>\$24.57</b>      |                     |
| Fire Panel Credit   | \$23,483.38             | (\$23,483.38)       |                     |
| Total Annual Rent   |                         | \$228,402.72        |                     |
| Effective Annual    |                         | \$204,919.34        |                     |

|      | M&O          | MMRF         | TOTAL SF     |         |
|------|--------------|--------------|--------------|---------|
|      | 55160        | 55342        | Total        | \$/SF   |
| 2012 | \$388,917.00 | \$193,392.00 | \$582,309.00 | \$24.57 |

|      | M&O     | MMRF   | TOTAL:  |
|------|---------|--------|---------|
| 2012 | \$16.41 | \$8.16 | \$24.57 |

|             |        |
|-------------|--------|
| Total       | 23,700 |
| CHS         | 14,404 |
| Healthpoint | 9,296  |

**AMENDMENT 1 TO PUBLIC HEALTH LEASE AGREEMENT #1747  
33431 13TH PLACE SOUTH, FEDERAL WAY  
LEASE EFFECTIVE DATE OF JANUARY 1, 2012**

Pursuant to Section 9 of the original Public Health Lease #1747 ("Lease") between King County ("Landlord") and Healthpoint Ltd. ("Lessee"), the parties agree to amend that Lease as follows:

1. In paragraph C to Section 19 ASSIGNMENT OR SUBLEASE of the Lease's General Terms and Conditions, delete the reference to "Paragraph 2C" and replace with "Section 31":
2. Delete the text in Section 22 ANTI-DISCRIMINATION of the Lease's General Terms and Conditions and replace with the following

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

3. Insert a new Section 31 after Section 30 of the Lease's General Terms and Conditions to read as follows:

31. ARBITRATION. In the event of a dispute between the Landlord and the Lessee regarding the value of any proration under Section 19.C., the parties agree that such disputes shall be adjudicated by arbitration. Lessee and Landlord will select one arbitrator each, and the two selected arbitrators will select a third. If the two arbitrators have not selected a third arbitrator within thirty (30) days after the selection of the last selection of the two, either the Lessee or Landlord will apply to the presiding judge of the superior court in King County located in Seattle for the appointment of a third arbitrator. Each arbitrator will be a member of the American Institute of Real Estate Appraisers, or of the Society of Real Estate Appraisers, or of some equivalent or successor body. If in the future, a licensing requirement for real estate appraisers is imposed by any legislative body, each arbitrator shall be licensed. The three arbitrators

will determine the Fair Market Rental Value for the Premises; but the arbitrators may not reduce the Rent below the sum fixed for the last installment amount for the immediately preceding full month. The decision of a majority of the arbitrators will bind both Lessee and the Landlord. At the conclusion of the arbitration, the arbitrators will submit written reports to the Lessee and Landlord, which shall contain all pertinent evidence that led to their conclusion together with an explanation of their reasoning for such conclusion. The cost of the arbitration will be divided equally between the Lessee and Landlord.”

All other terms of the original Lease remain the same.

LESSEE:  
Healthpoint Ltd.

LANDLORD:  
King County

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_