

## LEASE

THIS LEASE AGREEMENT (“Lease”), is made and entered into between Hansen Group II, LLC, a Washington Limited Liability Company (“Landlord”), and KING COUNTY, a political subdivision of the State of Washington (“Tenant”).

### 1. Basic Lease Information

1.1 Lease Date: November 1, 2019

1.2 Landlord: Hansen Group II, LLC, a Washington Limited Liability Company

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

1.4 Building: 12119 East Marginal Way South, Tukwila, WA 98168, on that certain real property that is legally described on the attached Exhibit A (“Real Property”).

1.5 Premises: The area depicted on the attached Exhibit B, containing approximately 93,248 rentable square feet of land and 12,500 square feet of warehouse and office space improvements.

Tenant’s Pro Rata Share: 100

(93,248 RSF in the Premises /12,500 RSF in the Building)

#### 1.6 Permitted Use:

(a) Preparation of new buses that will be placed into transportation service where preparation/assembly will include but not be limited to installation of ORCA card reader fair boxes, bus operator amenities, and Metro branding.

(b) Vehicle service and repair.

(c) Office use of building(s) on the Premises.

(d) Parking of buses and other vehicles in yard area of the Premises.

(e) Outdoor storage of materials in yard area of the Premises.

(f) Placement of mobile structures containing showers and locker facilities in the yard area of the Premises, connected to utilities, subject to approvals of the City of Tukwila.

(g) Any other legally permissible use.

1.7 Initial Term: 10 years

1.8 Extended Term(s): 1 option to extend the term by 5 years consistent with Section 3.4 below.

1.9 Lease Commencement Date: November 1, 2019

1.10 Rent Commencement Date: November 1, 2019

1.11 Expiration Date: October 31, 2029

1.12 Base Rent:

Months	Base Rent per month
11/1/19-10/31/20	\$28,000.00
11/1/20-10/31/21	\$28,000.00
11/1/21-10/31/22	\$28,000.00
11/1/22-10/31/23	\$28,000.00
11/1/23-10/31/24	\$28,840.00
11/1/24-10/31/25	\$29,705.20
11/1/25-10/31/26	\$30,596.36
11/1/26-10/31/27	\$31,514.25
11/1/27-10/31/28	\$32,459.67
11/1/28-10/31/29	\$33,433.46

1.13 Security Deposit: \$24,000.00

1.14 Landlord's Address for Notices: Hansen Group II, LLC  
Attn: Mr. Rob Hansen  
15701 Nelson Place  
Tukwila, WA 98188  
Email: rob@bayviewlimo.com

1.15 Tenant's Address for Notices: King County Metro Transit  
KSC-TR-0435  
201 S. Jackson Street  
Seattle, WA 98104  
Phone: 206-263-2645  
Fax No.: 206-684-1803  
Email: tom.paine@kingcounty.gov

**2. Premises; Tenant Improvements.**

2.1 Premises. Landlord hereby leases the Premises to Tenant for the Term set forth above.

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

2.2 Tenant Improvements.

Within ninety (90) days of the Commencement Date, to the satisfaction of the Tenant, the Landlord shall complete the installation of the Tenant Improvements as defined in Exhibit C.

2.3 Intentionally deleted.

3. **Term.**

3.1 Commencement Date. This Lease shall commence on the date set forth in Section 1.9 above ("Lease Commencement Date" or "Commencement Date").

3.2 Expiration Date. This Lease shall expire on the date set forth in Section 1.11 above ("Expiration Date").

3.3 Intentionally deleted.

3.4 Extension Option. Tenant is hereby granted the option to extend the initial Term for one (1) successive period of 60 months ("Extended Term"). This option to extend may be exercised by Tenant only by giving Landlord written notice no more than twelve (12) months and no less than nine (9) months prior to the last day of the initial Term. Tenant's extension option shall apply to all of the Premises then leased by Tenant under this Lease. From and after the commencement of the Extended Term, all of the terms, covenants, and conditions of this Lease shall continue in full force and effect as written, except that Base Rent for the Extended Term shall be the greater of the prevailing Fair Market Rent (defined below) or 103% of the base rent on the last month of the initial Term. The term "Fair Market Rent" for the purposes of this Lease shall mean the annual amount per rentable square foot that a willing, comparable, new, non-expansion, non-renewal, non-equity tenant would pay, and a willing, comparable landlord of a comparable building in the market would accept under the transaction as further defined above, for new leases of similar space in the same geographic area as the Premises, considering, size, use type, and creditworthiness of tenant on or about the date on which the Fair Market Rent is being determined hereunder.

Within thirty (30) days of Tenant notifying Landlord that it intends to exercise an extension option under this Section 3.4, Landlord will advise Tenant in writing of its proposed Fair Market Rent. If Landlord and Tenant are unable to agree on a mutually acceptable Fair Market Rent not later than ninety (90) days prior to the expiration of the Term, then Landlord and Tenant, within five (5) days after such date, shall each simultaneously submit to the other, in a sealed envelope, its good faith estimate of the Fair Market Rent for the Premises (collectively referred to as the "Estimates"). If the higher of such Estimates is not more than one hundred five percent (105%) of the lower of such Estimates, then the Fair Market Rent shall be the average of the two Estimates. If the Fair Market Rent is not established by the exchange of Estimates, then, within ten (10) days after the exchange of Estimates, Landlord and Tenant shall each select a licensed commercial real estate

appraiser to determine which of the two Estimates most closely reflects the Fair Market Rent for the Premises. Each appraiser shall have had at least seven (7) years' experience within the previous ten (10) years of his/her work experience as a commercial real estate appraiser working in Seattle, Washington, with working knowledge of current rental rates and practices. Landlord's and Tenant's appraisers shall work together in good faith to agree upon which of the two Estimates most closely reflects the Fair Market Rent for the Premises. The Estimates chosen by such appraisers shall be binding on both Landlord and Tenant. If the two appraisers cannot agree upon which of the two Estimates most closely reflects the Fair Market Rent within twenty (20) days after their appointment, then, within ten (10) days after the expiration of such twenty (20) day period, the appraisers shall select a third appraiser meeting the aforementioned criteria. Once the third appraiser (the "Arbitrator") has been selected as provided for above, then, as soon thereafter as practicable but in any case within fourteen (14) days, the Arbitrator shall make his or her determination of which of the two Estimates most closely reflects the Fair Market Rent and such Estimate shall be binding on both Landlord and Tenant as the Fair Market Rent. If the Arbitrator believes that expert advice would materially assist him or her, he or she may retain one or more qualified persons to provide such expert advice. Landlord and Tenant shall share equally in the costs of the Arbitrator and of any experts retained by the Arbitrator. Any fees of any appraiser, counsel or experts engaged directly by Landlord or Tenant, however, shall be borne by the party retaining such appraiser, counsel or expert.

If the Fair Market Rent has not been determined by the commencement date of the Extended Term, Tenant shall pay rent in the amount of one hundred three percent (103%) of the base rent on the last month of the initial Term and upon the terms and conditions in effect during the last month of the initial Term (or preceding Extended Term, as applicable) until such time as the Fair Market Rent has been determined. Upon such determination, the Rent shall be retroactively adjusted to the commencement of the Extended Term.

3.5 Intentionally deleted.

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

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

**6. Security Deposit.** Upon execution of this Lease, Tenant shall have the sum of \$24,000.00 on deposit with the Landlord as a security deposit.

**7. Utilities and Services.** 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 intentional misconduct or gross negligence of Landlord. Tenant shall be responsible for determining whether available utilities and their capacities will meet Tenant's needs. Tenant 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 Tenant on the Premises during the Term, whether or not such services are billed directly to Tenant. Tenant 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 for use by Tenant during tenancy; in no event, however, will the Tenant be required to replace or upgrade side sewers/sewer systems to enable use of the Premises, provided that Tenant shall be responsible for repairing the side sewer/sewer systems to the extent that such systems are damaged by the acts or omissions of Tenant. Landlord, shall upon request of Tenant, and at the sole expense and liability of Tenant, shall join with Tenant in any reasonable applications required for obtaining or continuing such utilities or services.

**8. Operating Costs.**

8.1 During the Term, Tenant shall pay to Landlord the Tenant's Pro Rata Share, as set forth in Section 1.5 above, of all Operating Costs outlined in section 8.2 below.

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

- (a) The cost of all reasonable and necessary repairs, maintenance and operation of the Building, parking areas, sidewalks and grounds associated with the Premises, including the cost of ordinary materials and supplies consumed in connection with any such maintenance, repair and operation that in accordance with generally accepted accounting principles would not be capitalized, except that Landlord shall first look to any existing warranties and/or guaranties or other responsible third parties to pay such costs;
- (b) Property management fee of four percent (4%) of the Base Rent;
- (c) Intentionally Deleted.
- (d) Intentionally Deleted.

(e) Premiums incurred by Landlord for insurance coverage maintained by Landlord for the Building that is required by this Lease or that is customarily carried by operators of comparable buildings and projects in the area, which coverage shall include reasonable and customary deductibles (but not to exceed \$10,000);

(f) Intentionally Deleted.

(g) General real estate taxes levied against the Building and Real Property that accrue and are payable during the Term, but not any special assessments or taxes in the nature of improvement or betterment assessments ("Real Estate Taxes"). Real Estate Taxes shall exclude, without limitation, any income, franchise, gross receipts, corporation, capital levy, excess profits, revenue, rent, inheritance, gift, estate, payroll or stamp tax or any increase in tax (or any tax protest) arising out of a reassessment on all or part of the Building or Real Property upon the sale, transfer or assignment of Landlord's title or estate, which at any time may be assessed against or become a lien upon all or any part of the Premises, Building or Real Property. In addition, Real Estate Taxes shall exclude any penalties or interest, and shall further exclude any liens or taxes that are levied or assessed against the Premises, Building or Real Estate for any time prior to the Term. Landlord represents and warrants that the Real Property is fully assessed as a completed and occupied unit with all improvements contemplated by this Lease as of the Commencement Date.

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

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

(a) leasing commissions; (b) cost of repairs and the replacements incurred by Landlord by reason of fire or other casualty, or caused by exercise of the right of eminent domain; (c) rent under a ground lease or master lease, if any; (d) advertising and promotion expenditures; (e) costs incurred in performing work or furnishing services to or for individual tenants (including Tenant), at such tenant's expense; (f) interest or amortization payments under any mortgage affecting the Premises; (g) rental concessions and lease buy-outs; (h) amounts paid to subsidiaries or affiliates of Landlord for services in or to the Premises if and to the extent the costs therefor exceed competitive costs for such services were they not so rendered by a subsidiary or affiliate; (i) Landlord's general overhead and any expenses not directly related to the Premises; (j) any legal and other professional fees expended by Landlord in connection with the negotiation or enforcement of any lease in the

Premises; (k) costs of environmental, cleanup or remediation; (l) expenses (including attorney's fees and overtime) in curing Landlord's defaults or performing work resulting from violation by Landlord of the terms of any lease for space in the Premises or any service contract at the Premises; (m) capital replacements or improvements; or (n) any other expenses which, in accordance with generally accepted accounting principles, consistently applied, would not normally be treated as Operating Costs by comparable landlords of comparable buildings.

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

8.5 Reconciliation and Audit Rights. Not later than ninety (90) days after the expiration of each calendar year included in the Term, Landlord shall submit to Tenant a written, certified statement containing the amount of actual Operating Costs for such year broken down by component expenses, the Operating Cost increase for the year, the amount of Tenant's Pro Rata Share of the Operating Cost increase (capped, if applicable), the amount paid by Tenant towards the Operating Costs increase, and the amount if any Tenant owes Landlord or the amount Landlord owes Tenant as a refund for such year. If Landlord does not furnish Tenant with a certified statement of Operating Costs within ninety (90) days after the end of the year, then Landlord shall be deemed to have waived forever any and all claims for reimbursement from Tenant for underpayment of Operating Costs for the year, in addition to any other rights and remedies to which Tenant may be entitled under this Lease. Tenant or its audit representatives shall have the right to inspect and audit Landlord's books and records with respect to this Lease once each year to verify actual Operating Costs. Landlord's books and records shall be kept in accordance with generally accepted accounting principles. If Tenant's audit of the Operating Costs reveals an overcharge of more than five percent (5%), Landlord promptly shall reimburse Tenant for the cost of the audit. Any overcharge or underpayment of Operating Costs shall be due from one party to the other within thirty (30) days.

**9. Maintenance and Repairs.** Tenant shall, at its sole expense, maintain the entire Premises including without limitation the roof surface and normal repairs and maintenance to 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, sewer line and side sewer line, 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 Tenant shall not damage any Landlord's Repair Items and shall promptly repair any damage or injury done thereto caused by Tenant or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensee or invitees. Notwithstanding anything in this Section to the contrary, Tenant shall not be responsible for any repairs to the Premises made necessary by the negligence or willful misconduct of Landlord or its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees therein. If Tenant fails to perform Tenant's obligations under this Section, Landlord may at Landlord's option enter upon the Premises after ten (10) days' prior notice to Tenant and put the same in good order, condition and repair and the cost thereof together with interest thereon at the default rate of twelve (12%) percent per annum shall be due and payable as Additional Rent to Landlord together with Tenant's next installment of Base Rent. Upon expiration of the Lease term, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises, together with all keys, to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable wear and tear and insured casualty excepted.

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

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

Notwithstanding the foregoing, Tenant may perform alterations and/or improvements to the Premises without obtaining Landlord's prior consent so long as such alterations and/or improvements: (i) do not exceed \$25,000 per project, (ii) are not visible from the exterior of the Premises, (iii) do not adversely affect any Building system or the structural strength of the Building, and (iv) do not require penetrations into the roof of the Building.

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

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

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

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

**15. Insurance.**

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

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

**16. Intentionally Deleted.**

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

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

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

**19. Holding Over.** If Tenant remains in possession of the Premises after the expiration or termination of this Lease, Tenant's continued possession shall be on the basis of a tenancy at the sufferance of Landlord. In such event, Tenant shall continue to comply with or perform all the terms and obligations of Tenant under this Lease, except that the monthly Rent during Tenant's holding over shall be one hundred fifty percent (150%) of the Base Rent payable in the last full month prior to the termination hereof. Acceptance by Landlord of rent after such termination shall not constitute a renewal or extension of this Lease; and nothing contained in this provision shall be deemed to waive Landlord's right of re-entry or any other right hereunder or at law.

**20. Non-Discrimination.** Landlord shall not discriminate on the basis of race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age except by minimum age and retirement provisions, unless based upon a bona fide occupational qualification, in the employment or application for employment or in the administration or delivery of services or any other benefits under King County Code Ch. 12.16.125. Landlord shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit such discrimination. These laws include, but are not limited to, chapter 49.60 RCW, and Titles VI and VII of the Civil Rights Act of 1964. Any violation of this provision shall be considered a default of this Lease and shall be grounds for cancellation, termination, or suspension, in whole or in part, of the Lease and may result in ineligibility for further agreements with King County. Notwithstanding anything to the contrary, Tenant shall be entitled to terminate this Lease effective upon written notice to Landlord in the event that Landlord violates the requirements of this Section 20.

**21. Default.**

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

A. **Failure To Pay.** Failure by Tenant to pay any sum, including Rent, due under this Lease following ten (10) business days' notice from Landlord of the failure to pay.

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

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

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

**22. Remedies.** Landlord shall have the following remedies upon an Event of Default. Landlord's rights and remedies under this Lease shall be cumulative, and none shall exclude any other right or remedy allowed by law.

**22.1 Termination of Lease.** Landlord may terminate Tenant's interest under the Lease. The Lease shall terminate on the date specified in the notice of termination. Upon termination of this Lease, Tenant will remain liable to Landlord for damages in an amount equal to the Rent and other sums that would have been owing by Tenant under this Lease for the balance of the Lease term, less (i) the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to the termination, after deducting all of Landlord's reasonable, actual reletting expenses or (ii) such amounts as Tenant proves may reasonably be avoided.

**22.2 Re-Entry and Reletting.** Landlord may continue this Lease in full force and effect, and without demand or notice, re-enter and take possession of the Premises or any part thereof, expel the Tenant from the Premises and anyone claiming through or under the Tenant, and remove the personal property of either. Landlord may relet the Premises, or any part of them, in Landlord's or Tenant's name for the account of Tenant, for such period of time and at such other terms and conditions as Landlord, in its discretion, may determine. Landlord may collect and receive the rents for the Premises. To the fullest extent permitted by law, the proceeds of any reletting shall be applied: first, to pay Landlord its reasonable, actual reletting expenses; second, to pay any indebtedness of Tenant to Landlord other than Rent; third, to the Rent due and unpaid hereunder; and fourth, the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue. Re-entry or taking possession of the Premises by Landlord under this Section shall not be construed as an election on Landlord's part to terminate this Lease, unless a notice of termination is given to Tenant. Landlord reserves the right following any re-entry or reletting, or both, under this Section to exercise its right to terminate the Lease. Tenant will pay Landlord the Rent and other sums which would be payable under this Lease if repossession had not occurred, less the net proceeds, if any, after reletting the Premises, including without limitation, all repossession costs, brokerage commissions and costs for securing new tenants, attorneys' fees, remodeling and repair

costs, costs for removing persons or property, costs for storing Tenant's property and equipment, and costs of tenant improvements and rent concessions granted by Landlord to any new Tenant, prorated over the life of the new lease.

**23. Costs and Attorney's Fees.** If Tenant or Landlord engage the services of an attorney to collect monies due or to bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or other payments, or possession of the Premises, the losing party shall pay the prevailing party a reasonable sum for attorneys' fees in such action, whether in mediation or arbitration, at trial, on appeal, or in any bankruptcy proceeding. The hourly rates for any award of attorneys' fees will be calculated based on the rate that would be charged for the services provided by an attorney who is in private practice, of the same expertise and experience as the prevailing party's attorney(s).

**24. Hazardous Material.**

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

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

24.3 Tenant shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises or the Real Property by Tenant, its employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees, except in strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If Tenant breaches the obligations

stated in the preceding sentence, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including without limitation sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees, incurred either during or after the Lease term ("Claims") to the extent that said Claims are a result of said breach. Tenant shall promptly notify Landlord of any inquiry, investigation or notice that Tenant may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises or the Real Property.

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

24.5 Landlord shall remediate any Hazardous Material discovered in the course of carrying out Landlord's Work, including completion of the Tenant Improvements, at Landlord's sole cost and expense.

24.6 Each of the parties agrees that its obligations under this Section 24 extend to any claim, demand, cause of action and judgment brought by, or on behalf of, any of its employees or agents. For this purpose, each of the parties, by mutual negotiation, hereby waives, with respect to each of the other party's only, any immunity that would otherwise be available against such claims under the industrial insurance provisions of Title 51 RCW.

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

24.8 All claims, judgments, damages, penalties, fines, costs, liabilities and losses involving the release or presence of Hazardous Material shall be subject to this Section 24, and not the indemnity and liability provisions of Section 14.

## 25. General.

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

25.2 Brokers' Fees. Tenant represents and warrants to Landlord that it has not engaged any broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Landlord against any loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant. Landlord represents and warrants to Tenant that it has not engaged any broker, finder or other person who would be entitled to any commission or fees for the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Tenant against any loss, cost, liability or expense incurred by Tenant as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Landlord.

25.3 Entire Agreement. This Lease contains all of the covenants and agreements between Landlord and Tenant relating to the Premises. No prior or contemporaneous agreements or understandings pertaining to the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or amended except in writing, signed by Landlord and Tenant.

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

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

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

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

- Exhibit A: Legal Description
- Exhibit B: Diagram of the Premises
- Exhibit C: Tenant Improvement Addendum

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

26. Intentionally Deleted.

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

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

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

30. Intentionally Deleted.

31. **Surrender of Premises.** At the end of the term of this Lease or any extension thereof or other sooner termination, Tenant will peaceably deliver to Landlord possession of the Premises, in the same condition as received, except for ordinary wear and tear, and Tenant will deliver all keys to the Premises to Landlord. Tenant shall also remove all equipment, trade fixtures, and personal property from the Premises at no cost to the Landlord.

32. **Right of First Offer.** If at any time during the term of this Lease Landlord elects to offer the Premises for sale, Landlord will first notify Tenant of the cash price for which Landlord would be willing to sell the Premises. Tenant will then have fifteen (15) days in which to notify Landlord of whether that price is acceptable to Tenant (or in which to agree on other terms with Landlord). If Tenant agrees to that price, the sale will be completed pursuant to the agreed upon terms. If Tenant does not notify Landlord of its

acceptance of those terms within that time, then Landlord will be permitted to sell the Premises to a third party. The third party will be obligated to fulfill the terms and conditions of the Lease. If Tenant elects not to exercise its option to purchase the Premises then, upon request, it will provide Landlord a written statement setting forth the price that was offered and not accepted pursuant to this Lease, so Landlord can provide that notice to third parties. Tenant acknowledges that Landlord has no obligation to make an offer to sell the Premises during the term of this Lease and any right to receive such an offer terminates upon the termination and/or expiration of the Term or extended Term of this Lease, as applicable.

33. Intentionally Deleted.

34. Intentionally Deleted.

35. **Access and Right of Entry.** After twenty-four (24) hours' notice from Landlord (except in cases of emergency, when no notice shall be required), Tenant shall permit Landlord and its agents, employees and contractors to enter the Premises at all reasonable times to make repairs, inspections, alterations or improvements, provided that Landlord shall use reasonable efforts to minimize interference with Tenant's use and enjoyment of the Premises. This Section shall not impose any repair or other obligation upon Landlord not expressly stated elsewhere in this Lease. After reasonable notice to Tenant, Landlord shall have the right to enter the Premises for the purpose of showing the Premises to prospective purchasers or lenders at any time, and to prospective tenants within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term, and for posting "for lease" signs within one hundred eighty (180) days prior to the expiration or sooner termination of the Lease term.

36. **Non-Waiver.** Landlord's waiver of any breach of any term contained in this Lease shall not be deemed to be a waiver of the same term for subsequent acts of Tenant. The acceptance by Landlord of Rent or other amounts due by Tenant hereunder shall not be deemed to be a waiver of any breach by Tenant preceding such acceptance.

**Signatures Follow on Next Page**

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

**LANDLORD:**

Hansen Group II, LLC, a Washington Limited Liability Company

By: [Signature]

Name: ROBERT HANSEN

Title: MANAGING PARTNER

Date JULY 25<sup>th</sup> 2019

**TENANT:**

KING COUNTY, a political subdivision of the State of Washington

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

Name: \_\_\_\_\_

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

Date \_\_\_\_\_

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Deputy Prosecuting Attorney

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that Rob Hansen is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Managing Partner of Hansen Group II, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 25 day of July, 2019.

Notary Public Rachel Ramirez  
Print Name Rachel Ramirez  
My commission expires 12-08-2020

(Use this space for notarial stamp/seal)



STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

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

GIVEN UNDER MY HAND AND OFFICIAL SEAL this \_\_\_\_\_ day of \_\_\_\_\_, 2019

Notary Public  
Print Name  
My commission expires

(Use this space for notarial stamp/seal)

**EXHIBIT A**  
**Legal Description**

<b>Parcel Number</b>	102304-9074
<b>Name</b>	HANSEN GROUP II LLC
<b>Site Address</b>	12121 EAST MARGINAL WAY S 98168
<b>Legal</b>	LOT C OF CITY OF TUKWILA SHORT PLAT NO L 92-0102 RECORDING NO 9303291349 AND RE-RECORDING NO 9305111854 SAID SHORT PLAT DAF - POR OF GOV LOT 15 IN SW 1/4 OF SECTION 10-23-04 - BEGIN NW COR OF SW 1/4 OF SECTION 10-23-04 TH S 29.35 FT TO S MGN OF EASEMENT RECORDED IN VOL 590 PAGE 411 TH E ALONG S MGN 820 FT TH S 421.15 FT S MGN 820 FT TH S 421.15 FT TO WLY MGN OF PACIFIC HIGHWAY TH S 13-05-00 E 90.53 FT M/L TO ELY BDRY OF GOV LOT 15 TH S 00-04-10.3 E 280.75 FT M/L TO NLY BDRY OF PLAT OF RIVERSIDE INTERURBAN TRACTS TH WLY ALONG SAID S MGN 495.65 FT M/L TO A LINE PLT & 820 FT FROM W BDRY OF SECTION 10 TH N ALONG SAID PLL LINE 376.01 FT TO POB
<b>Parcel Number</b>	102304-9075
<b>Name</b>	HANSEN GROUP II LLC
<b>Site Address</b>	12119 EAST MARGINAL WAY S 98168
<b>Legal</b>	LOT D OF CITY OF TUKWILA SHORT PLAT NO L 92-0102 RECORDING NO 9303291349 AND RE-RECORDING NO 9305111854 SAID SHORT PLAT DAF - POR OF GOV LOT 15 IN SW 1/4 OF SECTION 10-23-04 - BEGIN NW COR OF SW 1/4 OF SECTION 10-23-04 TH S 29.35 FT TO S MGN OF EASEMENT RECORDED IN VOL 590 PAGE 411 TH E ALONG S MGN 820 FT TH S 421.15 FT S MGN 820 FT TH S 421.15 FT TO WLY MGN OF PACIFIC HIGHWAY TH S 13-05-00 E 90.53 FT M/L TO ELY BDRY OF GOV LOT 15 TH S 00-04-10.3 E 280.75 FT M/L TO NLY BDRY OF PLAT OF RIVERSIDE INTERURBAN TRACTS TH WLY ALONG SAID S MGN 495.65 FT M/L TO A LINE PLT & 820 FT FROM W BDRY OF SECTION 10 TH N ALONG SAID PLL LINE 376.01 FT TO POB

**EXHIBIT B**  
**Diagram of Premises**



**EXHIBIT C**  
**Tenant Improvement Addendum**

1. Install warehouse heaters in the warehouse that have the capacity to heat the warehouse/shop area to a minimum of 68 degrees year around.
2. Convert the current metal halide lights, in the shop, to higher output/increased efficiency LED lights. Work to include relocating the light switch 30' closer to the door.
3. Install electric garage door motors at the 3 bays.
4. Paint the shop walls to at least 8 feet in height from the floor. Preferably in a light color like light grey or white.