

LEASE AGREEMENT

1. PARTIES:

THIS LEASE ("Lease") is entered into by and between THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Lessor ("City"), and Theodore Jonsson, an individual, as Lessee ("Lessee") herein after collectively referred to as the "Parties".

2. PROPERTY:

The City hereby leases to Lessee and Lessee hereby leases from the City the approximately 3,200 square foot parcel located at 805 NE Northlake Place, Seattle, WA 98105, further depicted on the attached Exhibit A (the "Land"), upon which exists an approximately 1,248 square foot building and other improvements (the "Improvements").

The legal description of the land is: Lots 1, 2, and 3, Block 13, Lake View Addition to the City of Seattle, according to the plat recorded in volume 5 of Plats, page 34, in King County, Washington; EXCEPT that portion thereof lying South of a line which is distant 100 feet North from and parallel with the North line of Block 24, Lake Union Shore Lands, heretofore condemned in King County Superior Court Cause No. 125369 for street purposes, as provided by Ordinance No. 37483 of the City of Seattle; ALSO EXCEPT any portion of said Lot 3 lying within Northlake Avenue.

3. USE/PURPOSE:

All use of the Land must comply with City of Seattle zoning regulations; at the time of Commencement of this Lease the Zoning for the Land is IC-45. Failure to comply is a default under the terms of this lease.

4. TERM:

This Lease shall be for a period of five (5) years ("Term"), commencing November 1, 2014 ("Commencement Date") and ending October 31, 2019. Lessee shall have the right to terminate this Lease at anytime with not less than thirty (30) days written notice of its intent to do so.

5. BASE RENT:

A. Lessee shall pay the City monthly rent ("Base Rent") in the amount of 530.00 (FIVE HUNDRED THIRTY AND NO/100 DOLLARS,) paid in advance, without notice, demand, set-off or deduction, on or before the first day of each month, pro-rated for any partial months.

B. Beginning November 1, 2015, and thereafter annually for the remainder of the Term, the monthly Base Rent for the office space shall be adjusted by an amount equal to the lesser of 3% or the percentage change that occurred in the U.S. Consumer Price Index for All Urban Consumers (U.S. CPI-U) in the twelve month period preceding the adjustment date, using the data as published by the United States Department of Labor's Bureau of Labor Statistics, or its successor. By way of illustration only, if the CPI-U is 190 at the beginning of the applicable twelve month period and the CPI-U figure for the last month before the adjustment year is 195, then the Base Rent shall be increased by 2.63 percent. The City shall give the Lessee not less than thirty (30) days written notice prior to the Base Rent adjustment date. This notice shall include the amount of the adjusted Rent and the date the new Rent is to become effective. If the City's estimated CPI adjustment is less than the actual CPI adjustment, upon notice from City, the Lessee shall include any additional amount of Base Rent owing in the next monthly installment of Base Rent. If the estimated CPI adjustment exceeds the actual CPI adjustment, upon notice from the City, the Lessee may apply any excess to the next monthly installment

of Base Rent. Failure or refusal by the Lessee to pay the adjusted rental rate shall constitute a default of this Lease for which the City may terminate with not less than Five (5) calendar days prior written notice. The annual rent adjustment shall not be adjusted by any greater than 3% of the prior year's rent. If the U.S. CPI-U is discontinued, the parties shall select and use for the Base Rent adjustment a similar index that reflects consumer price changes generally recognized as an authority by financial and insurance institutions.

6. LEASEHOLD EXCISE TAX:

In addition to the Base Rent, Lessee shall pay all Leasehold Excise Tax (LET) on Lessee's interest in this Lease and any leasehold interest deemed to have been created thereby under RCW 82.29A. As of the Commencement Date of this Lease Agreement, the applicable LET rate is 12.84% of Base Rent, which rate and amount is subject to change from time to time.

7. LATE CHARGE / INTEREST:

If Lessee fails to pay when due any charge or sum payable to City under this Lease, including but not limited to Base Rent and or Leasehold Excise Tax, a late charge of 10% of the unpaid amount shall become due and payable in addition to the unpaid amount. Further, any unpaid amounts shall bear interest at a rate of 12% per annum from the date due until the date paid.

8. HOLDING OVER:

Unless otherwise agreed in writing by the parties hereto, any holding over by Lessee after the expiration of the Lease Term, whether or not consented to by the City, shall be construed as a tenancy from month-to-month and shall continue upon the same terms and conditions as set forth herein, with the exception of Sections 5.A and 5.B, the rent shall be adjusted accordingly. Any holdover tenancy may be terminated by either party by written notice delivered to the other party not later than twenty (20) days prior to the end of the month. If Lessee fails to surrender the Property and Improvements upon the expiration or termination of this Lease, Lessee shall indemnify and hold harmless the City from all losses, damages, liabilities and expenses resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding Lessee arising out of such failure.

~~9. SECURITY DEPOSIT: *NONE*~~

~~On or before the Commencement Date, Lessee shall deposit with the City the sum of \$598.05, which represents one month's rent (\$530.00) and the applicable Leasehold Excise Tax (\$68.05). The City, at any time, may apply such deposit against any default by Lessee in the payment of rent or leasehold excise taxes, land damage or maintenance and, in the event of any such application; the City may also charge and retain an administrative / processing fee based on the hourly rate for a Senior Real Property Agent, or its successor position for the current year of service to cover the City's hourly administrative expenses incurred as a consequence of such default. If any portion of the security deposit is applied by the City, Lessee, upon demand, shall immediately deposit additional cash with the City to restore the security deposit to its original amount. The City shall return any unused portion of the security deposit, without interest, to Lessee within 30 business days after expiration or earlier termination of this Lease, subject to Lessee's full performance of its obligations under this Lease. The security deposit need not be held in any special account of or with the City.~~

10. INSURANCE:

Lessee shall maintain, at its own expense, insurance as specified below: **Minimum Coverage and Limits of Liability:**

A. Commercial General Liability (CGL) Insurance Including:

- Premises/Operations Liability
- Products/Completed Operations
- Contractual Liability
- Independent Contractors Liability
- Employers Liability/Stop Gap (only if Worker's Compensation insurance is required)
- Fire Damage Legal Liability with a minimum limit of liability of \$1,000,000 each occurrence combined single limit bodily injury and property damage (CSL), except \$100,000 Fire Damage Legal Liability.

B. Property Insurance:

The Lessee shall be solely responsible for care and maintenance of the Land and Improvements. In recognition of this, the Lessee shall not be required to obtain any property insurance covering the value of the Improvements.

C. General Terms and Conditions (Not Applicable to Worker's Compensation):

1. Additional Insured on Primary and Non-Contributory Basis:

Such minimum insurance coverage and limits of liability as provided under item A above shall include the City of Seattle as an additional insured for primary and non-contributory limits of liability. The limits of liability specified are minimums only and shall not be construed to limit the liability of Lessee or any of its insurers to less than the stated limits of each policy. Where the City is an additional insured, it shall have such status for the full limits of liability maintained by Lessee, whether such limits are primary, excess, contingent or otherwise.

2. Coverage shall not be reduced or cancelled without thirty (30) days prior written notice to the City, except ten (10) days with respect to cancellation for non-payment of premium, unless a longer notice period is required under RCW 48.18.290. In addition, Lessee's insurance shall be primary, as respects the City, and any other insurance maintained by the City shall be excess and not contributing insurance with Lessee's insurance.

D. Security of Insurers:

All insurers must be licensed to do business in the State of Washington and rated A-: VII or higher in the A.M. Best's Key Rating Guide unless issued as surplus lines under the provisions of RCW 51.

E. Change in Risk:

The City reserves the right to alter minimum coverage and/or limits of liability upon periodical review of the appropriateness of such limits in view of inflation and/or changing industry conditions and to require an increase in such coverage or limits upon ninety (90) days prior written notice.

F. Evidence of Insurance:

Lessee shall procure a certificate of insurance from an insurer or authorized agent/broker that demonstrates compliance with the provisions of this Section 10 that is issued to: The City of Seattle, P.O. Box 94669, Seattle, WA 98124-4669. Such certificate with an attached copy of the CGL additional insured policy provision shall be emailed in PDF format to riskmanagement@seattle.gov.

G. Waiver of Subrogation:

The City and Lessee each waive any claim against the other, or the other's employees or agents, for loss of or damage to (i) any personal property in the Land or the Improvements, or (ii) the Land or Improvements by reason of fire, or any other cause, to the extent such loss or damage is covered by insurance required

under the terms of this Lease. This waiver shall apply even though such loss or damage may arise from the negligence of either party, its agents or employees. This waiver shall be inapplicable if it would have the effect of invalidating any insurance coverage of the City.

11. **UTILITIES AND SERVICES:** Lessee shall be solely responsible for and shall pay all costs for all utilities and other services to the Land and Improvements including, where applicable, electricity, gas, water, telephone, sewer, solid waste, heating, and grounds maintenance. Lessee shall also pay all charges for utility installations and modifications thereto occasioned by Lessee's requirements. The City shall not be liable for any injury, loss or damage caused by or resulting from any interruption or failure of such services due to any cause whatsoever. Lessee shall not be entitled to an offset, reduction or return of Base Rent as the result of any interruption or failure of said services.
12. **AGREEMENT CONTENTS:** This Lease, including Exhibit A which is made a part of this Lease, embodies the entire agreement of the Parties. There are no other understandings or agreements, written or oral, between the Parties relating to the subject matter of this Lease.
13. **EFFECTUATION OF AGREEMENT:** In order to be effective, this Lease must be (1) signed by Lessee and returned to the City at the address set forth below, accompanied by the security deposit and evidence of all required insurance policies, and (2) signed by the Director pursuant to ordinance authority.
14. **LIABILITY:**
 - A. **Indemnification:**

Lessee shall indemnify and hold the City harmless from any and all claims, costs, suit, penalties, liabilities, or damages resulting from any claimed or actual accident, injury or death to person(s) or damage to land arising out of Lessee's use, occupation or improvement of the Land and Improvements, or that of any of its officers, employees, agents, licensees, or invitees. Lessee agrees that the foregoing indemnity specifically covers actions brought by its own employees. As a result, the foregoing indemnity is specifically intended as a waiver of Lessee's immunity under Washington's Industrial Insurance Act, RCW Title 51, but only as to the City and to the extent necessary to provide the City with a full and complete indemnity from claims made by Lessee's employees. Lessee shall promptly notify the City of casualties or accidents occurring on or about the Land and the Improvements. This indemnity with respect to acts or omissions during the Lease term shall survive termination or expiration of this Lease for any time period applicable to the limitation of actions. THE CITY AND LESSEE HEREBY ACKNOWLEDGE THAT THEY SPECIFICALLY NEGOTIATED AND AGREED UPON THE INDEMNIFICATION PROVISIONS OF THIS SECTION.
 - B. **Assumption of Risk, Release:**

The placement and storage of personal property on the Land shall be the responsibility, and at the sole risk, of Lessee. Lessee releases the City from any and all claims arising from damage to or loss of Lessee's personal property on the Land or Improvements.
15. **COMPLIANCE WITH LAW:**
 - A. **Applicable Law:**

Lessee agrees to comply with all applicable laws of the United States of America and the State of Washington, and with the Charter and ordinances of The City of Seattle, as well as all rules and regulations of all such governmental entities.

B. Licenses, Permits and Taxes:

Lessee shall pay all fees and taxes covering the business conducted on the Land and Improvements and Lessee's personal property thereon.

C. Equal Employment Opportunity and Nondiscrimination:

Lessee shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and The City of Seattle, including but not limited to Chapters 14.04, 14.10, and 20.42 of the Seattle Municipal Code, as may be amended from time to time, and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

16. NO SUBLEASES OR ASSIGNMENTS;

Lessee shall not sublease, assign, encumber or otherwise transfer any interest in this Lease or the Land or the Improvements, in whole or in part.

17. USE AND CARE OF THE LAND AND IMPROVEMENTS:

A. General Condition:

Lessee has inspected the Land and Improvements and accepts them in their current, "AS IS" condition. During the term of this Lease, Lessee, at Lessee's sole cost, shall keep the Land and Improvements in a neat, clean and sanitary condition and shall make all necessary repairs and maintenance to the Land and the Improvements. Lessee shall not permit any waste, damage, or injury to the Land or the Improvements; maintain anything on the Land or Improvements that may be dangerous to life or limb; overload the floors; permit any objectionable noise or odor to escape or to be emitted from the Land or Improvements; permit anything to be done upon the Land or Improvements that in any way will tend to create a nuisance.

B. Maintenance and Repairs:

Lessee has occupied the Land and Improvements since approximately 1972, is familiar with the condition, and therefore accepts the Land and the Improvements in their existing, "AS-IS" condition as of the Commencement Date of this Lease, without reservation. Lessee shall be solely responsible for any and all maintenance and repairs to the Land and the Improvements and shall undertake such necessary repairs at his sole expense; provided, however, that all such maintenance and repairs while at the discretion of the Lessee shall be subject to the prior written approval of the City. The City shall have the right to condition any consent upon the method by which the maintenance and repairs are to be undertaken.

C. Alterations:

The Lessee shall not make, or cause to be made, any alteration, addition or improvement to the Land or the Improvements without the prior written consent of the City, which consent may be withheld at the City's sole discretion. All alterations, additions and improvements that are made, shall be at the sole cost and expense of Lessee, and, together with the Improvements, shall become the property of the City upon the termination or expiration of the Lease, and shall remain in and be surrendered with the Land as part thereof at the termination of this Lease, without disturbance, molestation or injury.

D. Access:

The City shall have the right to inspect the Land and Improvements during regular business hours and upon not less than 24 hours verbal or written notice, except in the event of an emergency, in which case the City shall have the right to enter the Land and Improvements without notice.

E. Signs:

Lessee shall not display, inscribe, paint or affix any sign to any part of the Land or exterior of the Improvements without the express written approval of the City. Lessee shall be responsible for ensuring any signs comply with any applicable laws or regulations.

18. DAMAGE OR DESTRUCTION:

If the Land and/or the Improvements are damaged, by any cause, to such an extent as to render them untenable in whole or in substantial part; the Lease shall terminate and neither party shall have any further liability to the other hereunder, except as to those matters expressly stated to survive the termination.

19. NOTICES:

Any notice to be given by either party to the other shall be in writing and may either be personally delivered or deposited in the United States mail, postage prepaid, addressed as provided on the signature page of this Lease, or to such other respective addresses as either party may, from time to time, designate in writing.

20. RELATIONSHIP:

In no event shall the City be construed or held to have become in any way or for any purpose a partner, associate, or joint venturer of Lessee or any party associated with Lessee in the conduct of Lessee's business or otherwise. This Lease does not make Lessee the agent or legal representative of the City for any purpose whatsoever. Furthermore, the Parties hereby acknowledge that this is not a residential lease and is therefore exempt any state or local laws pertaining to residential leases.

21. AMENDMENTS:

No alteration or modification of the terms or conditions of this Lease shall be valid and binding unless made in writing and signed by the authorized representatives of the parties hereto.

22. NO WAIVER OF DEFAULT:

The City does not waive full compliance with the terms and conditions of this Lease by acceptance of rent. No waiver of default by either party of any of the terms, covenants, and conditions hereof to be performed, kept and observed by the other party shall be construed as, or operate as, a waiver of any subsequent default of any of the terms, covenants and conditions of this Lease to be performed, kept and observed by the other party.

23. DEFAULT & EARLY TERMINATION:

In the event that Lessee defaults in the performance of any of the terms, provisions, covenants, and agreements on Lessee's part to be kept, observed, and performed or if Lessee shall abandon, desert or vacate the Land and or the Improvements; then, in such event, the City at its option at any time thereafter, may terminate this Lease together with all of the estate, right, and title thereby granted to or vested in Lessee, and may re-enter said Land and Improvements using such force as may be required. Notwithstanding such re-entry by the City and anything to the contrary in this Lease, the liability of Lessee for the rent provided for herein shall not be extinguished for the balance of the term of this Lease, and such rent shall be immediately due and payable.

Notwithstanding anything herein to the contrary, in the event the Lessee dies or becomes incapacitated, the heirs or authorized representative of the Lessee shall have the right, at their option, to assume the lease for a period not to exceed six (6) full calendar months to allow adequate time to remove any and all property of the Lessee. During such period, the heirs or authorized representative shall be bound by all terms of this Lease, including the

payment of Base Rent and LET. In the event the heirs or authorized representative elect not to extend the term of the lease as provided in this paragraph, the heirs shall not be responsible for the payment of any Rent or LET, including any amounts past due to the City, and shall have fifteen (15) days to remove any and all property of the Lessee.

24. SURRENDER OF LAND:

At the expiration or termination of this Lease, Lessee shall quit and surrender the Land and Improvements, without notice and in as good condition as received at the Commencement Date, except for ordinary wear and tear; damage or destruction by fire or other casualty or circumstances uncontrollable by Lessee; and alterations, improvements, and additions made with the approval of the City unless otherwise agreed as a condition of such approval. On or before the termination date, Lessee shall remove all personal property from the Land, including but not limited to all vehicles, art supplies, and machinery. Also on or before such date, Lessee shall return all keys to the Land and Improvements to the City at the below address.

25. INTERIM TENANT STATUS / RELOCATION:

A. The status of Lessee is only that of an interim tenant; notwithstanding any other provisions herein, the term of Lessee's tenancy is limited by and is subject to the City's declaration of the intended use and/or need for the subject land for public purposes.

B. Under no circumstance shall Lessee be deemed to be or to have become a "displaced person" as defined and used in City, State and Federal laws, rules and regulations pertaining to relocation assistance, and no cancellation, termination, or failure to extend the term of this Lease shall qualify Lessee for any of the benefits under such relocation assistance laws or regulations.

26. BINDING EFFECT:

This Lease shall be binding upon the heirs and successors of the Parties.

27. INVALIDITY OF PROVISIONS:

Should any term, provision, condition or other portion of this Lease be held to be inoperative, invalid, or void, the same shall not affect any other term, provision, condition or other portion of this Lease, the remainder of which shall remain in full force and effect.

28. GOVERNING LAW; VENUE:

This Lease shall be governed under the laws of the State of Washington. Venue for any action under this Lease shall be King County Superior Court.

29. LIMITED NATURE OF CONSENT:

No permission, consent or approval of the City given pursuant to this Lease is, or shall be construed as, a representation or assurance that the matter consented to or approved complies with applicable laws, regulations, ordinances or codes, nor shall any such consent or approval be construed to authorize any failure to comply with any of the foregoing.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures below:

THE CITY OF SEATTLE

LESSEE

By  11/5/14
Fred Podesta, Director Date
Finance and Administrative Services
Department

By  10/29/14
Theodore Jonsson Date

City's address for all communications:

Lessees' address for all communications:

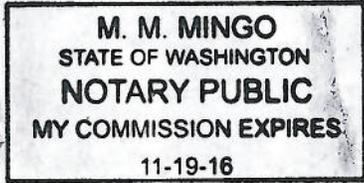
City of Seattle
Facility Operations
Attn: Property Management
700 5th Avenue, Suite 5200
PO Box 94689
Seattle, WA 98124
Phone: 206-684-8391

Theodore Jonsson
805 NE Northlake Place
Seattle, WA 98105
Phone: 206-547-4552 C/P 349-4934

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Fred Podesta ^{USA Payer} 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 Director of ^{COS} THE CITY OF SEATTLE'S Department of Finance and Administrative Services to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11-5-14



(Notary Signature)

(Print Name)

NOTARY PUBLIC in and for the State of Washington, residing at Ken. My appointment expires 11-19-16.

Re STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that TEO W. JOHNSON is the individual who appeared before me, and said individual acknowledged that (s)he signed this instrument, on oath stated that (s)he was authorized to execute the instrument and acknowledged it as the INDIVIDUAL of the _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: OCTOBER 29.2014



(Notary Signature)

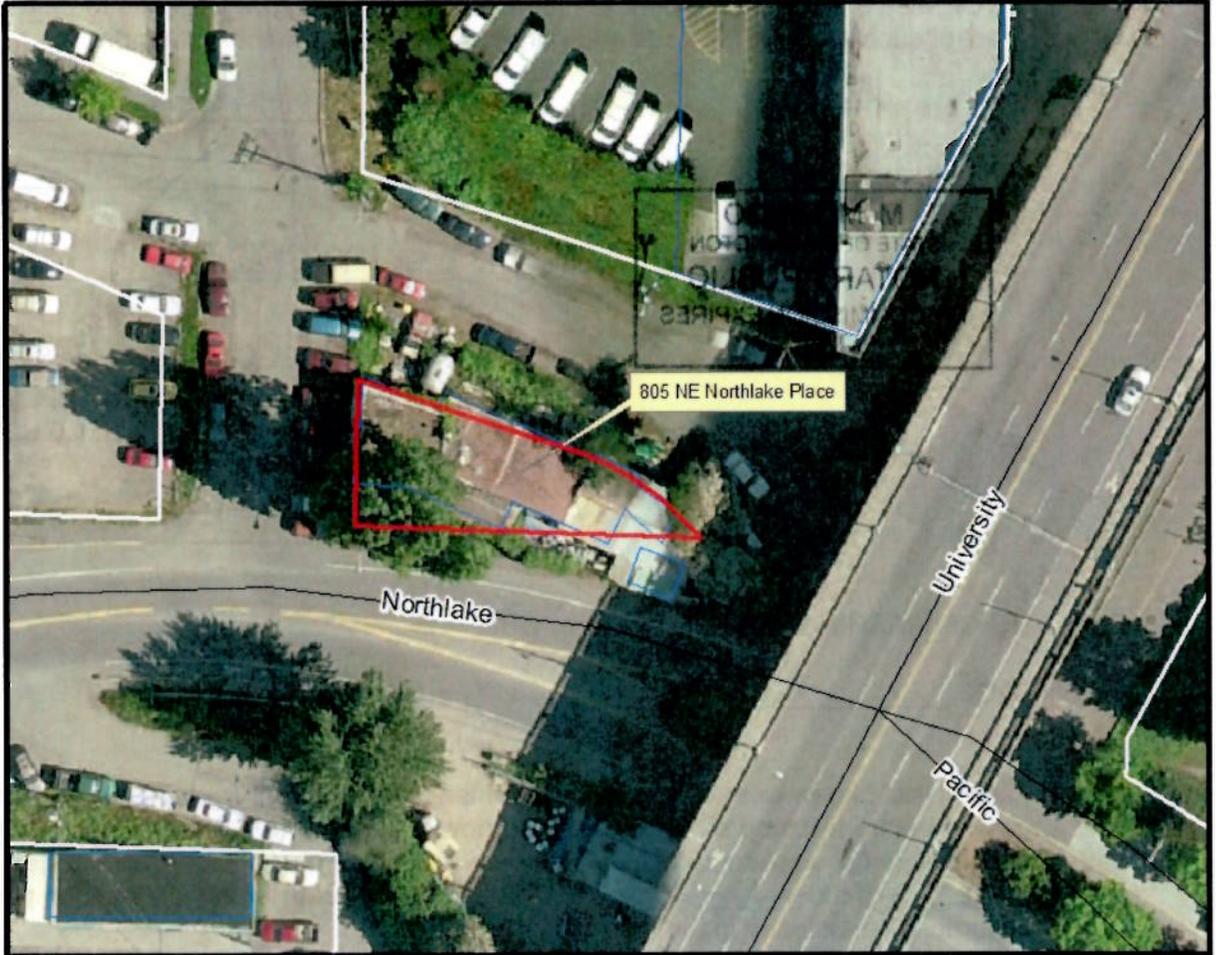
(Print Name)

NOTARY PUBLIC in and for the State of Washington, residing at SEATTLE. My appointment expires 9.27.16.

Ted Jonsson lease - PMA 4077
805 NE Northlake Place

Exhibit A

- Legend**
- 805 NE Northlake Place
 - Building Outlines



No guarantee of any sort is implied, including accuracy, completeness, or fitness for use. Produced by The Dept. of Finance and Administrative Services - R. Gholaghong August 18, 2011.

