

LEASE AGREEMENT

1. PARTIES:

THIS LEASE AGREEMENT ("Lease") is entered into by and between THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Lessor (hereinafter referred to as the "City"), and 3500 Interlake Ave N LLC, a Washington limited liability company, as Lessee (hereinafter referred to as "Lessee"). As used in this Lease, "Director" means the Director of the City's Department of Finance and Administrative Services.

2. PREMISES:

The City hereby leases to the Lessee and the Lessee hereby leases from the City that property commonly known as Property Management Area (PMA) # 91, 3500 Interlake Avenue North, Seattle, King County, Washington 98108, more fully described in in Exhibit A, by this reference made a part hereof. The Premises consists of approximately 24,904 square feet of land.

3. USE/PURPOSE:

The Premises may be used only for the following uses and purposes: construction staging, storage and temporary offices, and parking for Lessee and Lessee's tenants, invitees and licensees, provided that at no time shall the property be used by a third party parking lot operator for a pay parking lot. The Premises shall be used for no other purposes without the prior written consent of the City which consent shall not be unreasonably withheld.

4. TERM:

The term of this Lease begins October 1, 2014, and ends on September 30, 2019. If not extended this lease shall continue on a month to month basis until it is terminated by either party by giving thirty days notice pursuant to the provisions hereof.

5. RENT:

	Monthly Rent	Yearly Rent
Year 1	\$2,500	\$30,000
Year 2	\$2,625	\$31,500
Year 3	\$2,756	\$33,075
Year 4	\$2,894	\$34,729
Year 5	\$3,039	\$36,465

Lessee shall pay the City the Monthly Rent stated above on or before the first day of each month during the term of this Lease.

Notwithstanding anything to the contrary in this Lease, if Lessee elects to demolish the building on the Premises, then all Monthly Rent under this Lease during the Lease term shall be abated in its entirety, provided that Lessee shall be responsible for all fees and costs involved in the demolition of the building, including but not limited to any demolition permits, street use permits, and any other permits that may be required. Prior to demolition Lessee shall provide to landlord satisfactory evidence that all permits have been obtained.

Leasehold Excise Tax shall be calculated on the Monthly Rent in the above table for the entire term of the lease.

6. LEASEHOLD EXCISE TAX:

In addition to the Monthly Rent (subject to terms of Section 5 by which Monthly Rent may abate), the Lessee shall pay the applicable Leasehold Excise Tax ("LET"), which, as of the commencement of this Lease is 12.84% of Monthly Rent. Lessee shall pay LET in advance without notice, demand, set-off or deduction, on or before the first day of each month.

7. LATE CHARGE/INTEREST:

If Lessee fails to pay when due any charge or sum payable to City under this Lease, such amount shall bear interest at a rate of 12% per annum from the date due until the date paid.

8. SECURITY DEPOSIT:

The Lessee shall deposit with the City a sum that, in the aggregate, is equal to one month's rent (\$2,500.00) plus the Leasehold Excise Tax (\$321.00) due, for a total of \$2,821.00. The City, at any time, may apply such deposit against any default by the Lessee in the payment of rent or leasehold excise taxes, and, in the event of any such application, shall charge and retain a reasonable processing fee to cover the City's administrative expenses in invoicing the Lessee as a consequence of such default. If any portion of the security deposit is applied by the City, the 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 deposits, without interest, to the 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.

9. INSURANCE:

Lessee shall maintain, at its own expense, insurance as specified below:

A. Minimum Coverages and Limits of Liability:

1. 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 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.

2. Automobile Liability insurance, including coverage for owned (if Lessee has any owned vehicles), non-owned, leased or hired vehicles as appropriate with a minimum limit of liability of \$1,000,000 CSL. This requirement may be satisfied with personal lines insurance and primary insurance or any combination of primary and excess/umbrella insurance.

3. Worker's Compensation insurance, if required to secure Lessee's liability for industrial injury to its employees in accordance with the provisions of Title 51 of the Revised Code

of Washington. Lessee is not required to provide coverage to individuals exempt from mandatory coverage as described in the Washington State Department of Labor & Industries Employers Guide to Industrial Insurance in Washington State. If the Lessee is qualified as a self-insurer in accordance with Chapter 51.14 of the Revised Code of Washington, Lessee shall so certify.

4. **Property insurance**, covering Lessee's furniture, trade fixtures, equipment, inventory and tenant improvements on a replacement cost basis against (1) loss from the perils of fire, and other risks of direct physical loss, not less broad than provided by the insurance industry standard "Causes of Loss - Special Form (CP 10 30), ; and, (3) Business Interruption or Extra Expense, with sufficient limits to provide for the payment of rent and other fixed costs during any interruption of Lessee's business because of fire or other casualty. Any deductible in excess of \$5,000 shall be disclosed to, and is subject to the approval of, the City.

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

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

Such minimum insurance coverages and limits of liability as provided under items 1 and 2 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 liability 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. Cancellation:

Coverage and shall not be reduced or canceled 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 the Lessee's insurance.

3. 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.

4. Change in Risk:

The City reserves the right in its commercially reasonable discretion to alter minimum coverages 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 coverages or limits upon ninety (90) days prior written notice.

C. 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 VIII 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.

D. City-Furnished Property Insurance:

The City shall maintain at all times and at its own expense all risk property insurance or self-insurance covering 3500 Interlake Avenue North, excluding Lessee's furniture, trade fixtures, equipment, inventory and tenant improvements.

E. 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 Premises, or (ii) the Premises or Building 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; provided that if the Premises or Building are damaged due to Lessee's negligence, or the negligence of its agents or employees, Lessee shall reimburse the City any out of pocket amount paid under its property insurance deductible. This waiver shall be inapplicable if it would have the effect of invalidating any insurance coverage of the City or the Licensee.

10. UTILITIES AND SERVICES

The City shall provide the following utilities and services: None. The Lessee shall pay all charges for utility installations and modifications thereto occasioned by the 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. The Lessee shall not be entitled to an offset, reduction or return of rental as the result of any interruption or failure of said services unless such failure results in Lessee's inability to use the Premises for the uses in Section III and such failure continues for more than three business days, in which case rent shall be abated based on a per business day pro-rated amount until the services are restored.

11. 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.

12. EFFECTUATION OF AGREEMENT

In order to be effective, this Lease must be (1) signed by an authorized representative of the Lessee and returned to the Director of the Fleets & Facilities Department at the address set forth below, accompanied by the security deposit and evidence of all required policies of insurance, and (2) signed by the Director pursuant to ordinance authority.

13. LIABILITY:

A. Indemnification:

The City shall indemnify, defend and hold Lessee harmless from all claims for accident or injury caused to persons or property by the fault or neglect of the City or any of its employees; or occurring in, on, or about any portion of the Premises that is under the control of the City; or caused by any fault or defect inherent in said Premises or any defect in or malfunction thereof not discernable by reasonable inspection, or any costs or claims relating to hazardous materials or substances (defined as hazardous or harmful substances which are or become regulated by

any governmental authority due to its potential harm to humans or the environment) on, in or under the Premises which have been or become unlawfully released through no fault of Lessee. The indemnity provided by the City is valid only to the extent that it is permitted under RCW 35.32A.090. If it shall be finally determined by a court of competent jurisdiction that the indemnity provided by the City is prohibited by, or is inconsistent with, RCW 35.32A.090, the indemnity shall be of no force or effect and the remainder of this Agreement shall not be deemed void or voidable by virtue of such determination. The Lessee acknowledges that the City has made no representation or warranty as to the effectiveness of the indemnity provided by the City. Notwithstanding anything to the contrary in this Lease, under no circumstances shall Lessee be liable for hazardous materials or substances on, in or under the Premises which have been or become unlawfully released through no fault of Lessee.

The Lessee will indemnify, defend and hold the City harmless from all claims for accident or injury caused to persons or property by the fault or neglect of the Lessee or any of its employees or agents, to the extent of the fault or neglect of the Lessee. All personal property of the Lessee on said Premises shall be at the risk of and the responsibility of the Lessee.

The indemnity provisions of this Section 13(A) shall survive expiration or termination of this Lease.

B. Assumption of Risk, Release:

The placement and storage of personal property on the Premises shall be the responsibility, and at the sole risk, of the Lessee. Lessee releases the City from any and all claims arising from damage to or loss of Lessee's personal property on the Premises.

14. COMPLIANCE WITH LAW:

A. Applicable Law:

This Lease shall be construed under and governed by all applicable laws of the United States of America and the State of Washington and the Charter and ordinances of The City of Seattle, as well as all rules and regulations of any such governmental entity.

B. Licenses, Permits and Taxes:

The Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the Premises, and all taxes on personal property of the Lessee on the Premises and any excise or other taxes on the leasehold interest created by this Lease; and in the event the State of Washington makes any demand upon the City for payment of leasehold excise taxes in excess of the LET paid to the City under this Lease, resulting from the Lessee's occupation of the Premises or withholds funds due to the City to enforce collection of leasehold excise taxes in excess of the LET paid to the City under this Lease, the Lessee, at its sole expense, shall contest such action and indemnify the City for all sums expended by, or withheld by the State from, the City in connection with such taxation.

C. Equal Employment Opportunity and Nondiscrimination:

Without limiting the generality of Section XIV (A), the 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.

D. Permits:

The Lessee, at no expense to the City, shall obtain any and all building permits, change of use permits, and/or certifications of occupancy from the City as may be required and shall deliver a copy of the same to the Director prior to occupying the Premises.

15. NO SUBLEASES OR ASSIGNMENTS; LIMITATIONS ON USE AND PURPOSE:

The Lessee shall not sublease, assign, or encumber the Premises or any portion or any interest thereof, or engage in any activity with respect to or on the Premises other than for the express uses and purposes stipulated herein, without obtaining the Director's prior written approval which approval shall not be unreasonable withheld.

16. USE AND CARE OF THE PREMISES:

A. General Condition:

The Lessee shall keep the Premises at all times and at no expense to the City, in a neat, clean, safe and sanitary condition; and shall keep and use the Premises in accordance with the laws of the State of Washington and Charter and ordinances of The City of Seattle, and in accordance with all authorized rules and regulations of the Health Officer, Fire Marshal, Building Inspector and other officers of The City of Seattle. The Lessee shall not permit any waste, damage, or injury to the Premises; use or permit on the Premises anything that will increase the rate of fire insurance thereon; maintain anything on the Premises that may be unreasonably dangerous to life or limb; overload the floors, permit any objectionable noise or odor to escape or to be emitted from the Premises; permit anything to be done upon the Premises that in any way will tend to create a nuisance or, in the event of multiple occupancy, to disturb any other tenants of the building in which the Premises form a part; or to use or permit the use of the Premises for lodging or sleeping purposes.

B. Maintenance and Repairs:

The Premises have been inspected by both parties and are accepted by Lessee in their existing condition as of the commencement date of this Lease, without reservation except for latent defects or faulty construction of the Premises not discoverable by inspection at the time of taking possession. All normal repairs to roof, walls and foundations and existing utility connections to and from the Premises necessary to maintain the Premises in a tenable condition shall be done by or under the direction of the City, and at the City's expense, except those caused by the negligence or acts of the Lessee, or the Lessee's officers, employees, agents or invitees, which repairs shall be made at the sole expense of the Lessee. All other maintenance and repairs to the Premises shall be the responsibility and at the sole expense of the Lessee, except that such maintenance and repairs beyond normal maintenance and repair of the parking lot (including cleaning, sweeping, striping or re-striping, if applicable, replacing gravel, if applicable) shall be subject to the prior written approval of and shall be undertaken at the direction of the Director, which approval shall not be unreasonably withheld. Notwithstanding anything to the contrary in this Lease, Lessee shall have no obligation to maintain, repair, or replace the building on the Premises.

C. Alterations:

The Lessee shall not make, or cause to be made, any alteration, addition or improvement in the Premises inconsistent with its use as a parking lot or construction staging area (including fencing) without first obtaining the written consent of the Director for such work which consent shall not be unreasonably withheld. All alterations, additions and improvements that are made, shall be at the sole cost and expense of Lessee, and any permanent alterations, additions, and improvements (not including Lessee's personal property or trade fixtures) shall become the property of the City upon the termination or expiration of the Lease, and shall remain in and be surrendered with the Premises as part thereof at the termination of this Lease, without disturbance, molestation or injury. The City reserves an unqualified right to make alterations to the Premises or to the building in which the Premises are situated (1) where conditions deemed by the Director to constitute an emergency, exist; and (2) in order to correct code-deficiencies; and (3) where such alterations do not unreasonably interfere with the ordinary operation of the Premises by the Lessee.

Notwithstanding the foregoing or anything to the contrary in this Lease, the Lessee has the right to demolish the building that is on the Premises, provided that the Lessee obtains all necessary permits, and submits copies of all permits to the Director for his review, which said review shall be accomplished within 5 business days. Copies of which shall become a part of this Lease Agreement as Exhibit B, attached hereto.

D. Access:

The City reserves for itself, its officers, employees, agents and contractors, free access to the Premises at all reasonable times for the purposes of inspecting, cleaning or making repairs, additions or alterations to the Premises in accordance with this Lease or any other property owned by or under the control of the City, but this right shall not be construed as an agreement on the part of the City to make inspections, clean, or make repairs, additions or alterations. The Lessee shall have reasonable access to other property of the City where necessary to provide utility services to the Premises; all of the Lessee's work on such other City property shall be at no expense to the City.

E. Signs:

The Lessee shall not display, inscribe, paint or affix to any part of the Premises any sign except a sign that has been approved, in writing, by the Director, prior to such placement, which approval shall not be unreasonably withheld. The City shall have the right to place and maintain "For Rent" signs in conspicuous places on the Premises and to show the Premises to prospective tenants during the thirty (30) days prior to the expiration of this Lease.

17. DAMAGE OR DESTRUCTION:

If the Premises (a) are damaged by fire, earthquake, act of war, or other extraordinary casualty to such an extent as to render them untenable in whole or in substantial part; or (b) are destroyed, the City shall repair the Premises its permitted use not including the building on the Premises. Within forty-eight (48) hours after the happening of any such event, the Lessee shall give the Director notice of such event. The Director shall have sixty (60) days after the Director's receipt of such notification to notify the Lessee, in writing, of the City's intention to repair or rebuild the Premises, or any part so damaged. The City shall prosecute the work of such repairing or rebuilding without unreasonable delay, in accordance with the then-existing City procedures, and during such period the Monthly Rent and any additional charges under the

Lease for the Premises shall be abated in the same ratio that the portion of the Premises rendered for the time being unfit for occupancy bears to the whole of the Premises; upon the completion of such rebuilding or repair, the Lessee shall immediately reoccupy the Premises and pay the full rent set forth in this Lease. Notwithstanding any other provision of this Lease, no party to this Lease shall be liable in damages to any other party for terminating this Lease in accordance with the provisions of this section, because of the damage or destruction of the Premises or the building in which the Premises forms a part.

18. NOTICES:

Any notice to be given by either party to the other shall be in writing and may either be delivered, personally, or may be deposited in the United States mail, postage prepaid, as either certified or regular mail, addressed as provided in the Special Terms and Conditions hereof, or to such other respective addresses as either party may, from time to time, designate in writing.

19. 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 the Lessee or any party associated with the Lessee in the conduct of the Lessee's business or otherwise. This Lease does not make the Lessee the agent or legal representative of the City for any purpose whatsoever.

20. 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.

21. 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.

22. TERMINATION:

In the event that the Lessee defaults in the performance of any of the terms, provisions, covenants, and agreements on the Lessee's part to be kept, observed, and performed, and such default is not corrected within thirty (30) days after the receipt of written notice thereof from the City, or such shorter period as the City may determine in its commercially reasonable discretion is reasonable based on the nature of the default, provided that in no event shall the correction period be less than ten (10) days; ; then, in such event, the Director, at his/her option at any time thereafter, may terminate this Lease together with all of the estate, right, and title thereby granted to or vested in the Lessee, and may re-enter said Premises 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 the 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.

The City reserves the right to terminate this Lease prior to the scheduled expiration date, but not before October 1, 2017, in the event (1) the Premises are sold; or (2) the Premises is needed in part or whole by the City for an overriding City purpose, as determined by the City in its reasonable discretion. Notice of said terminations shall be given to Lessee no later than six (6)

months prior to the effective termination date. The Lessee shall have no right to damages of any kind or nature whatsoever for any such termination.

23. SURRENDER OF PREMISES:

At the expiration or termination of this Lease, the Lessee shall quit and surrender the Premises and all keys thereto, without notice and in as good condition as received at the commencement of the term not including a requirement to repair, improve, or replace (if demolished) the building, except for ordinary wear and tear; damage or destruction by fire or other casualty or circumstances uncontrollable by the Lessee; and alterations, improvements, and additions made in accordance with this Lease or with the approval of the Director unless otherwise agreed as a condition of such approval.

24. BINDING EFFECT:

This Lease shall be binding upon the heirs, successors, and assigns of the parties hereto.

25. 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; and the remainder of this Lease shall be effective.

26. 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.

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

DATE: 9-23-2014

LESSOR, THE CITY OF SEATTLE

LESSEE, 3500 Interlake Ave N LLC

By 
Fred Podesta, Director
Finance and Administrative Services

By OJD LLC, Manager

By 
Chad Dale
Manager

City's address for all communications:

City of Seattle
Finance and Administrative Services
PO Box 94689 – Suite 5200
Seattle, WA 98124

Lessees' address for all communications:

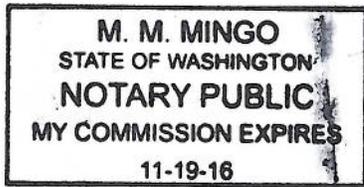
3500 Interlake Ave N LLC
c/o evolution Projects
3621 Stone Way N
Seattle, WA 98103

Notary for City:

STATE OF WASHINGTON)

COUNTY OF) ss.
)

I certify that I know or have satisfactory evidence that USA Peyer is the person who appeared before me, and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Director of THE CITY OF SEATTLE'S Department Finance and Administrative Services to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



Dated: 10/6/14

[Signature]
(Notary Signature)

M. M. Mingo
(Print Name)

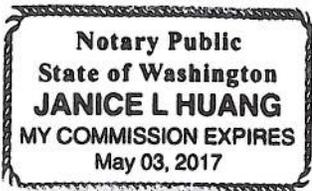
NOTARY PUBLIC in and for the State of Washington, residing at King. My appointment expires 11-19-16.

Notary for Lessee:

STATE OF WASHINGTON)

COUNTY OF King) ss.
)

I certify that I know or have satisfactory evidence that Chad Dale 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 Manager of QJOLLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



Dated: 9/23/2014

[Signature]
(Notary Signature)

Janice Huang
(Print Name)

NOTARY PUBLIC in and for the State of Washington

Washington, residing at _____.
My appointment expires _____.

Exhibit A
Premises Legal Description

All of Lots 12 through 16, the west 12 feet of Lot 11, of Block 6, Edgewater Addition to the City of Seattle, recorded in Volume 3 of Plats, page 141, records of King County, situate in the city of Seattle, county of King and state of Washington.

Together with that portion of the vacated right of way by City of Seattle Ordinance 76103.

Exhibit B
Copies of Permits for Demolition of Building
(To be attached after lease is executed.)