

## **LEASE AGREEMENT**

This Lease Agreement is entered into by and between the City of Olympia, a municipality organized under the laws of the State of Washington, (hereinafter referred to as “LESSEE”), and MPH Holdings, LLC, a Washington Limited Liability Company (hereinafter referred to as “LESSOR”) and both collectively referred to as “the Parties.”

### **RECITALS**

**WHEREAS**, LESSOR and LESSEE have discussed the lease of certain premises from LESSOR for use as office space by the Olympia Police Department for an auxiliary police substation, and uses reasonably compatible and related to such law enforcement purposes; and

**WHEREAS**, the parties contemplate memorializing the terms and conditions of the lease of LESSOR’S premises in this Lease Agreement;

**NOW THEREFORE**, the Parties hereby agree as follows:

### **AGREEMENT**

- 1. PARTIES:** MPH Holdings, LLC hereby leases to the City of Olympia, and the City of Olympia, leases from MPH Holdings, LLC, approximately 2,275 square feet of commercial space, more or less, constituting a portion of the building upon certain real property having the abbreviated legal description of Section 15 Township 18 Range 2W PLAT WOODRUFF LTS 1-3 B 42 3/40 & VAC STS; and the common street address of 1415 Harrison Avenue NW, Suite 201, Olympia, WA 98502. The leased premises are as shown upon **Exhibit 1**, attached hereto and incorporated herein by this reference.
- 2. BUSINESS PURPOSE:** The leased premises are to be used only for the purpose of an auxiliary police station and office space, and such uses as are reasonably related to such use by the Olympia Police Department, a department of the City of Olympia. No other business or use is authorized without written consent by LESSOR, which consent shall not be unreasonably refused or withheld. The LESSEE shall not permit the premises to be used in such a manner as to create any nuisance, including, but not limited to the presence of pets within the leased premises, with the exceptions of service animals to assist disabled persons or otherwise permitted by the Washington Law Against Discrimination, Chapter RCW 49.60, or trained canine K-9 animals used in and for law enforcement purposes; waste; or fire hazard. LESSEE shall neither make nor allow any use of the leased premises, nor acts done, which will increase the

existing rate of insurance policy covering the building, or any part thereof; nor shall the LESSEE sell, or permit to be kept, used or sold, in or about the leased premises, any article which may be prohibited by the standard form of fire insurance policies. The LESSEE shall, at its sole cost and expense, comply with any and all statutory or ordinance requirements pertaining to the leased premises as is necessary for the maintenance of reasonable fire and public liability insurance covering the leased premises, building and appurtenances. The LESSEE agrees to pay to LESSOR as additional rent, any increase in premiums or policies which may be carried by LESSOR on the leased premises covering damages to the building and loss of rent caused by fire and the perils normally included in extended coverage above the rate for the least hazardous type of occupancy for office operations.

3. **LEASE COMMENCEMENT AND TERM:** The term of this Lease Agreement shall commence on the 1<sup>st</sup> day of February 2018, (the Rental Commencement Date), and shall continue for five (5) years concluding on the 31<sup>st</sup> day of January, 2023. The LESSEE shall have the option to renew this Lease Agreement for five (5) additional years by providing LESSOR with ninety (90) days written notice prior to the expiration date. Upon giving such notice, the additional five (5) years shall be upon the same terms and conditions as governed in the initial term of this Lease Agreement, unless any term or condition is mutually modified by a written agreement between LESSOR and LESSEE. If LESSEE does not give LESSOR notice of intent to exercise the option to extend this Lease Agreement, LESSOR may market and/or show the space to prospective tenants ninety (90) days prior to the end of the lease, upon reasonable notice to LESSEE, and LESSEE shall not unreasonably interfere with such showings or marketing.
4. **INITIAL MONTHLY RENT AND RENT COMMENCEMENT:** LESSEE shall pay to LESSOR as initial monthly rent, the sum of Three Thousand Two Hundred Twenty-Two Dollars and 92/100 Cents (**\$3,222.92**) on or before the 1st day of February, 2018, and continuing thereafter on the first day of each month for the lease term and any extension thereof. This sum shall be subject to adjustment on an annual basis as provided herein in Paragraph 5 below.
5. **ANNUAL RENTAL INCREASE:** Beginning February 1, 2019, LESSEE agrees to pay an annual increase in the monthly base rent for each remaining year of the lease term. This increase shall be determined by multiplying three percent (3%) of the existing rental amount and adding same to the then existing base rent. A similarly calculated increase shall be effective on the 1<sup>st</sup> day of February of each remaining year thereafter.
6. **EXPENSES:** During the term of this Lease Agreement, LESSOR shall pay all real estate taxes, all property assessments, insurance, water and sewer, and garbage collection, storm water, irrigation water, and maintenance and repair as described below, together with annual exterior and interior window washing and light ballasts. LESSEE shall separately pay and for its separately metered electricity, in-suite

janitorial service including carpet cleaning and floor sealing, restroom supplies and light bulbs.

**7. MAINTENANCE AND REPAIR:**

A. The LESSOR shall maintain the premises in good repair and tenantable condition during the term of this Lease Agreement, except in case of damage arising from the negligence of the LESSEE's licensees, invitees, agents, or employees. For the purposes of maintaining and repairing the premises, the LESSOR reserves the right at reasonable times to enter and inspect the premises and to make any necessary repairs to the building as specifically permitted in Paragraph 13 of this Lease Agreement. LESSOR's maintenance and repair obligations under paragraph 7 shall include, but not be limited to, the mechanical, electrical, interior lighting (including replacement of ballasts, starters, and fluorescent tubes as required), plumbing, heating, ventilating, and air-conditioning systems (including replacement of filters as recommended in equipment service manual); floor coverings (excluding regular carpet cleaning); window coverings; elevators (if applicable); inside and outside walls (including windows); all structural portions of the building (including the roof and the watertight integrity of the same) porches, stairways, sidewalks; exterior lighting; parking lot (including snow removal, cleaning and restriping as required); wheel bumpers, and drainage.

B. LESSEE agrees that it shall take all steps reasonably necessary and proper to insure that its employees, agents, licensees, or invitees take reasonable care of the leased premises and cooperate fully with LESSOR or its designees in relation to scheduling and such other matters as are reasonably related to LESSOR's being able to sufficiently perform LESSOR's duties to maintain such aspects of the leased spaces' structure as are the responsibility of the LESSOR, including such matters as the roofing and heating/air conditioning/ventilation system. LESSEE shall reimburse LESSOR for any repair costs arising from damage resulting from the negligent or intentional acts of its employees, agents, or invitees.

**8. PARKING:** The initial monthly rent shall include 25% of the on-site and off-site parking spaces for the shared use of the LESSEE, its employees, agents, licensees, and invitees, along with shared ADA accessible spaces. LESSEE shall have two (2) reserved parking spaces for Olympia Police Department patrol cars on-site, and these shall be included in LESSEE'S total parking spaces.

**9. COMMON AREA:** The common area to which LESSEE has right of access and use is defined as that portion of the leased grounds and/or building not assigned for the exclusive use of a single/designated tenant, but available for the non-exclusive use by all tenants of the building(s). This is including but not limited to landscape areas, sidewalks, non-assigned parking stalls, stairwells, elevators and lobbies. LESSOR shall be responsible for the maintenance of the common areas.

**10. INTERRUPTION OF SERVICE:** LESSOR shall not be liable for damages or otherwise for any failure or interruption of any utility service being furnished to the Leased Premises, and no such failure or interruption shall entitle LESSEE to terminate this Lease.

**11. PERSONAL PROPERTY TAXES:** LESSEE shall pay before delinquency all license fees, public charges, property taxes and assessments on the furniture, fixtures, equipment, and other property of or being used by LESSEE at any time situated on or installed in the premises as required by law.

**12. BUSINESS TAXES:** LESSEE shall pay all special taxes and assessments or license fees levied, assessed, or imposed by law or ordinance, by reason of the use of the premises for the specific purposes set forth in this Lease Agreement, separate from and in addition to the initial monthly rent.

**13. ENTRY BY LESSOR:** The LESSEE shall allow LESSOR, its agents or employees to have access to and enter the premises for scheduled or other maintenance at all reasonable and necessary times upon forty-eight (48) hours' notice to LESSEE, and without prior notice upon mutual agreement of LESSEE and LESSOR to inspect the premises and for the purposes of care, maintenance, improvement and management of the building, including the leased premises. LESSOR specifically agrees and consents that its right of inspection of the premises, including without prior notice as outlined above and in emergency situations shall only occur if LESSOR or its agents or employees are accompanied by a designated, authorized representative of the City of Olympia, otherwise unsupervised entry into the Leased Premises shall not be permitted or allowed by LESSEE.

**14. ASSIGNMENT:**

A. The LESSEE shall not, without written consent of the LESSOR, which consent will not be unreasonably withheld, let or sublet the whole or any part thereof nor assign this Lease Agreement or any part thereof without LESSOR'S prior approval. In the event LESSOR allows the LESSEE to assign or sublet the leased premises or any portion thereof; the LESSEE shall remain liable for the payment of rent and the performance of all other obligations required of the LESSEE under this Lease Agreement, despite any such assignment or sublease.

B. ADDITIONAL RENT UPON ASSIGNMENT: LESSOR reserves the right to increase the base monthly rent in the event of any assignment or subletting of this Lease Agreement. Any such intended increase shall be disclosed to Lessee at the time of the giving of any consent required under sub-paragraph A of this Section.

C. In the event of any assignment of this Lease Agreement, LESSEE shall remain primarily liable on its terms and hereunder unless released in writing by LESSOR.

D. In the event of any assignment or sublease, the assignee or subtenant shall agree in writing to perform and be bound by all of the terms and conditions of this Lease required be performed by LESSEE.

E. After the approval by LESSOR of any assignment or subletting by LESSEE of its interest or portion thereof in this Lease Agreement, no further assignment or subletting shall be made without LESSOR'S prior written consent.

**15. SUCCESSION:** Subject to any limitations on assignments set forth herein, all the terms and provisions of this Lease Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

**16. INSURANCE:**

A. LESSEE'S RESPONSIBILITIES: LESSEE shall, during the lease term, at its sole expense, maintain in full force a policy or policies of comprehensive general liability insurance issued by one or more insurance carriers, insuring against liability for injury to or death of persons and loss of or damage to property occurring in or on the premises and any portion of the common area which is subject to LESSEE's exclusive control or arising from LESSEE'S use of common areas, or LESSEE may provide proof of such coverages or the equivalent as may be required by this Lease Agreement through its participation in a risk pool as permitted by state law (e.g., Washington Cities Insurance Authority). Said liability insurance coverage shall be in an amount of not less than \$1,000,000.00 Per Occurrence and \$2,000,000 Policy Aggregate. In the event that LESSEE is a member of any self-insured insurance risk pool made available to it because of its status, the coverage shall be no less than that set forth in this section and shall meet the requirements set forth in the subsequent sections. All policies of insurance required to be carried hereunder by LESSEE shall be written by companies satisfactory to LESSOR and licensed to do business in the State of Washington with an AM Best Rating of A- or better. Each policy required above shall expressly include, severally and not collectively, as primary additionally-named insured thereunder, LESSOR and any person or firm designated by LESSOR and having an insurable interest thereunder, hereinafter called "additional insured", as their respective interest may appear. Said insurance shall not be subject to cancellation or reduction in coverage except upon at least thirty (30) days prior written notice to each additional insured. The policies of insurance or duly executed certificates evidencing them, together with satisfactory evidence of the payment of premiums thereof, shall be deposited with each additional insured at the commencement of the lease term and not less than 30 days prior to the expiration of the term of such coverage. An annual renewal certificate is also required for yearly proof of insurance.

B. LESSOR'S RESPONSIBILITIES: LESSOR shall carry throughout the term of this Lease Agreement:

1. Fire and extended coverage insurance on the Building and all improvements therein (other than leasehold improvements) for their full replacement value, including a rent loss endorsement for at least 12 months; and
2. Commercial General Liability Insurance with respect to all common areas of the Building and Leased Premises in an amount not less than a combined single limit of \$1,000,000.

All such insurance coverage may be subject to commercially reasonable deductible amounts.

## **17. INDEMNITY:**

A. LESSEE, as a material part of the consideration to be rendered to LESSOR, shall defend, indemnify, and save LESSOR harmless from and against any and all claims or causes of action which may arise based on the LESSEE's occupancy and use of the Premises by LESSEE, its subtenants, invitees, agents, contractors, or licensees, except for such claims caused by LESSOR's negligence or intentional act.

B. LESSOR, as a material part of the consideration to be rendered to LESSEE, shall defend, indemnify, and save LESSEE harmless from and against any and all claims or causes of action which may arise based on the LESSOR's negligence, ownership and operation of the Leased Premises by LESSOR, its invitees, agents, contractors, or licensees, except for such claims caused by LESSEE's negligence or intentional act.

C. Should a court of competent jurisdiction determine that this Lease Agreement is subject to RCW 4.24.115 then, in the event of liability for damages arising out of bodily injury to persons or damage to property caused by or resulting from the concurrent negligence of the LESSEE and LESSOR, its officers, officials, employees, and volunteers, the LESSOR'S liability hereunder shall be only to the extent of the LESSOR'S negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the LESSEE'S waiver of immunity under any act, including the Industrial Insurance, Title 51 RCW solely for the purposes of this indemnification. The parties have mutually negotiated this waiver. The provisions of this section shall survive the expiration or termination of this Lease Agreement.

## **18. DEFAULT BY THE LESSEE:** The occurrence of any one or more of the following events shall constitute a material default of this lease by the LESSEE:

A. Vacation, abandonment of the premises or cessation of the conduct of the LESSEE'S business therein as described in -Paragraph 1, above, for a period in excess of thirty (30) days.

B. Failure by the LESSEE to make any payment required as and when due, where such failure shall continue for a period of thirty (30) days after due date.

C. Failure by the LESSEE to observe or perform any of the covenants, conditions or provisions of this Lease Agreement, for a period of thirty (30) days.

D. Except as expressly permitted hereunder, any attempted conveyance, assignment, mortgage, or subletting of the premises herein.

E. Upon written notice of default to the LESSEE and LESSEE's failure to cure the breach within thirty (30) days of the giving of that notice, LESSOR shall have the right to pursue any and all remedies available to it under Washington law, including those set forth in the following section.

**19. REMEDIES IN THE EVENT OF ANY DEFAULT BY LESSEE:** as set forth above, LESSOR shall have the right to:

A. Declare this Lease forfeited and the said term ended. LESSEE shall not be released from making all monthly payments required as rent under this Lease Agreement, and at the times and in the manner and for the balance of the term as set forth herein.

B. LESSEE agrees to pay to LESSOR any deficiency arising from re-entry, reletting of the premises at lesser rentals, or inability to relet the premises during the remainder of the existing term. LESSEE further agrees to reimburse LESSOR for all costs associated with the recovery and reletting of the premises. LESSEE shall not be excused from its obligation to reimburse for a rate equal to or higher than the rate called for under the present Lease Agreement. The proceeds derived from any reletting shall be applied first to the payment of any expenses incurred in reletting, then to the payment of rents as they become due, and finally toward the fulfillment of other terms and conditions of the Lease. The balance, if any, to be paid over to LESSOR.

C. In the alternative, LESSOR may pursue any other remedy now or hereafter available to LESSOR under the laws or judicial decisions of the State of Washington.

**20. DEFAULT OF LESSOR:** LESSOR shall not be in default unless LESSOR fails to perform its obligations under this Lease Agreement within thirty (30) days after receipt of written notice from LESSEE. LESSEE shall notify LESSOR of any default which, by its nature would not necessarily be known to LESSOR.

**21. LEASE SUBORDINATE TO MORTGAGES:** This Lease Agreement shall automatically be subordinate to any mortgages or deeds of trust which heretofore and which may hereafter affect the premises, to any sale and/or leaseback, to any and all advances made or to be made thereunder, to the interest on the obligations secured thereby, and to all renewals, modifications, consolidations, replacements, or extensions thereof. This provision shall be self-operative and any mortgagee or beneficiary of a deed of trust shall require no further instrument of subordination.

**22. ESTOPPEL CERTIFICATES:** LESSEE shall, within fifteen (15) days of presentation, acknowledge and deliver to LESSOR:

A. Any subordination or non-disturbance agreement or other instrument that LESSOR may require to carry out the provision of this Lease, and

B. Any estoppel certificate requested by LESSOR from time-to-time in the standard form of any such mortgagee or beneficiary of such deed of trust certifying, if such be true, that LESSEE shall be in occupancy, that this Lease Agreement is unmodified and/or if modified in full force and effect as modified and stating the modifications and the dates to which the rent and other charges shall have been paid, and that there shall be no rental offsets or claims.

**23. MORTGAGE PROTECTION:** LESSEE shall give to any mortgagee or beneficiary of a deed of trust by certified mail, copy of any notice of default served upon LESSOR, provided that prior to such notice, LESSEE has been notified in writing, by way of a notice of assignment of this Lease, the request for an estoppel certificate, or otherwise of the address of such mortgagees and/or beneficiaries. In the event LESSOR shall have failed to cure such default within the time provided for in this Lease, then such mortgagee and/or beneficiary shall have an additional thirty (30) days within which to cure such default, or if such default cannot be cured within such time period, then such mortgagee and/or beneficiary shall have such additional time as may be necessary to cure such default so long as the mortgagee and/or beneficiary has commenced and is diligently pursuing the remedies necessary to cure such default (including, but not limited to, commencement of foreclosure proceedings, if necessary to effect such cure), and during such additional time, this Lease Agreement shall not be terminated so long as such remedies are being diligently pursued.

**24. CONDEMNATION:** In the event a condemning governmental authority takes or condemns all of the premises, this Lease Agreement shall terminate and LESSOR shall have the sole and exclusive right to the compensation awarded or received for the taking of the premises, except as to the reasonable value of any tenant improvements paid for and installed by LESSEE. If only part of the premises is taken or condemned, the rent hereunder shall be reduced commensurate with the reduction value of the premises as an economic unit on account of the partial taking; provided that if the part taken or condemned renders the remainder of the premises reasonably unsuitable for use of the LESSEE, this Lease Agreement shall terminate at the option of the LESSEE.

**25. ALTERATIONS:** The LESSEE will not make any modifications, augmentations or improvements in said premises without the prior consent in writing of LESSOR. Any modifications, augmentations and/or improvements made by the LESSEE shall be by the LESSEE'S contractor and at the exclusive cost and expense of the LESSEE. Any damages to the premises as a result of modifications that LESSEE makes shall be repaired at the sole cost and expense of LESSEE in a reasonable workmanlike manner. Said modifications, augmentations and/or improvements shall become the property of LESSOR, and shall remain in and be surrendered with the premises as a



part thereof at the termination of this Lease Agreement, without disturbance, molestation or injury unless LESSOR requests LESSEE to remove such items or item at the end of the Lease Agreement. In that event, the removal shall be accomplished at LESSEE's sole expense and the premises restored to its condition prior to the installation of the removed improvement or alternation. The LESSEE agrees to hold harmless LESSOR from damage, claim, loss, or expense arising out of said alterations, additions, and/or improvements, including such liens that may be placed on the property as a result of such work.

**26. STATUS OF PREMISES:**

A. The LESSEE acknowledges that it has examined the premises and hereby accepts the same as being in the condition called for by this Lease Agreement.

B. Tenant's Responsibility of Removal of Tenant Improvements: Upon request from LESSOR, Removal of any tenant improvements specific to the LESSEE shall be the responsibility of the LESSEE upon termination of the Lease Agreement (examples include but are not limited to: cabinetry and telecommunications wiring). In the absence of the request from LESSOR, such improvements shall remain at the end of the lease period.

**27. CONDITION OF PREMISES AT END OF LEASE:** The LESSEE shall leave the premises upon the ending of this Lease Agreement in the same condition as it received it, except for reasonable wear and tear.

**28. EXTERIOR WINDOWS:** For the duration of the lease term, the LESSEE shall be responsible for any breakage or damage of premise windows or doors caused by any negligence or wrongful act by LESSEE, , its employees, agents, or assigns.

**29. PARAGRAPH HEADINGS:** The paragraph headings used in this Lease Agreement are for convenience only. They shall not be construed to limit or to extend the meaning of any part of this Lease Agreement.

**30. AMENDMENTS:** Any amendments, modifications, or additions to this Lease Agreement shall be in writing by the parties hereto and neither LESSEE nor LESSOR shall be bound by any verbal or implied agreements.

**31. SEVERABILITY:**

A. If any provision of this Lease Agreement shall be deemed to be invalid, void, or illegal, it shall in no way affect, impair, or invalidate any other provision hereof.

B. Provisions: All provisions set forth in this Lease Agreement are independent of one another, and the obligations or duties of either party hereto under any one

provision are not dependent upon either party performing under the term of any other provision.

### **32. DISPUTE RESOLUTION, APPLICABLE LAW AND VENUE:**

A. In the event of any dispute arising out of this agreement the parties agree they may submit the dispute to non-binding mediation and binding arbitration through the Washington Arbitration and Mediation Service or such other entity or person who or which may be agreed upon by the parties: PROVIDED, that, in the event either party objects to the submission of the matter to arbitration within 30 days after demand for arbitration has been filed with the appropriate agency, then the procedure shall be terminated and the matter shall be processed as the parties deem appropriate through the Courts of the State of Washington.

B. This Lease Agreement is deemed executed in the City of Olympia, Thurston County, State of Washington, regardless of where signatories reside or the entities they represent are headquartered, and shall be construed under the laws of the State of Washington, and the parties hereto agree that any action relating to this Lease Agreement shall be instituted and prosecuted in the courts of the County of Thurston, State of Washington, and each party hereto waives the right to a change of venue, and further admits to the jurisdiction of the above-referenced court.

C. Attorneys' Fees: In the event of resolution of a covered dispute by either arbitration or litigation, in addition to any other relief granted to the substantially prevailing party, the arbitrator or court shall award the substantially prevailing party reasonable attorneys' fees and costs incurred in prosecuting or defending the matter, as the case may be. Matters subject to this right include if either party requires the services of any attorney in connection with enforcing the terms of this Lease Agreement including the recovery of any amount (whether denominated as rent or otherwise) due under this Lease, or for the restitution of said premises to LESSOR, and/or eviction of LESSEE during the lease term or after the expiration thereof, or for the failure of either party to carry out any requirement placed upon them under this Lease Agreement. In addition to attorney' s fees, the right shall include a reasonable sum for witness fees and other court costs, whether at arbitration or, if such events occur, at trial and on appeal.

### **33. CASUALTY DAMAGE:**

A. LESSOR'S DUTY IN THE EVENT OF CASUALTY DAMAGE: If the Premises or the Building is damaged by a fire, explosion, or other casualty (a "Casualty"), then LESSOR shall, within 30 days after such Casualty, deliver to LESSEE a good faith estimate prepared by LESSOR'S architect (the "Damage Notice"). The good faith estimate shall include the date on which the repair of the damage caused by such Casualty will be substantially completed (such date is herein called the "Estimated Restoration Completion Date"). Base Rental and additional rent for Operating Expenses shall be abated as of the date of the Casualty if such Casualty renders any

portion of the leased Premises uninhabitable. The Premises shall be deemed uninhabitable when LESSEE is prevented from conducting its business in a manner reasonably comparable to that conducted immediately before the Casualty either because of damage to the Premises or because of the unavailability of access or services to the Premises. The Premises shall be deemed to remain uninhabitable with respect to such portion of the Premises until the earlier of:

1. The date when repairs to the Premises have been substantially completed and access and services to the Premises have been restored or,
2. The date on which LESSEE conducts business in such portion of the Premises.

B. Right to Terminate: If the Premises or the Building is damaged by Casualty such that LESSEE is prevented from conducting its business in a material portion of the Premises in a manner reasonably comparable to that conducted immediately before such Casualty, and if the following three criteria are met:

1. Casualty damages a material portion of the Building,
2. LESSOR makes a good faith determination to demolish the remainder of the Building or LESSOR'S Mortgagee requires payment of the insurance proceeds to the indebtedness secured by its Mortgage, and
3. If the damage affects the premises, then LESSOR may terminate this Lease Agreement by giving written notice of its election to terminate within 30 days after the Damage Notice has been delivered to LESSEE. In case of any such termination under this Section, Basic Rental and additional rent for Operating Expenses shall abate in full as of the date of the Casualty.

C. Repair obligation: If neither party elects to terminate this Lease Agreement following a Casualty, then LESSOR shall, within a reasonable time after such Casualty, commence to repair the Building and the Premises. The LESSOR shall go ahead with reasonable attentiveness to restore the Building and Premises to substantially the same condition as existed immediately before such Casualty. However, LESSOR shall not be required to repair or replace any part of the furniture, equipment, fixtures, and other improvements which may have been placed in the Premises, except that LESSOR shall restore the leasehold improvements in the Premises (if and to the extent it receives funds therefore from the insurance required to be maintained by LESSEE under Section 19 or from LESSEE). LESSOR'S obligation to repair or restore the Building or Premises shall be limited to the extent of the insurance proceeds paid for the Casualty in question, plus the amount of any deductible applicable to such casualty damage. Any casualties caused by the LESSEE will be covered by the LESSEE.

D. Damage near the end of the term: If the following two criteria are met:

1. The Premises are partially destroyed or damaged during the last 12 months of the Term such that LESSEE is prevented from conducting business in a material portion of the premises in a manner reasonably comparable to that conducted immediately before the Casualty; and

2. Such damage cannot be substantially repaired within 30 days after the occurrence thereof;

Then either LESSOR or LESSEE may, at its option, terminate this Lease Agreement as of the date of the occurrence of such damage by delivering to the other party written notice thereof within ten (10) days after the date of the Casualty.

**34. SUBMITTAL TO COUNSEL:** Prior to execution, each party has had the opportunity to submit this Lease Agreement to legal counsel of their choice. Thus, for the purposes of interpretation, there shall be no presumption of interpretation against either party in the event of any ambiguity or dispute.

**35. AUTHORITY:** Each person executing this document warrants and represents that they are authorized to execute the same upon behalf of the party indicated.

**36. NOTICES:**

A. Wherever in this Lease Agreement written notices are to be given or made, they will be sent by certified mail to the address listed below unless a different address shall be designated in writing and delivered to the other party.

LESSOR: MPH Holdings, LLC  
Post Office Box 11221  
Olympia, Washington 98508

LESSEE: Legal Department  
City of Olympia  
P O Box 1967  
Olympia, Washington 98507-1967

B. Any notice required under this Lease Agreement shall be in writing and shall be effective either: (i) when hand delivered to the person or entity designated to receive it, or (ii) three (3) business days after being sent by prepaid certified first class U.S. mail, return receipt requested, addressed as set forth above to LESSOR or LESSEE as the case may be. Either party may change its address by a written notice to the other party.

**37. SIGNAGE:** LESSEE may place their signage, purchased by the LESSEE and installed at LESSEE's sole cost and expense, on the exterior of its space where specified, as well as on directory signage at parking lot, and on the monument signs at the street, according to specifications and placement to meet all applicable codes and

regulations after receiving written approval from LESSOR, which consent shall not be unreasonably withheld.

**38.COMMISSION:** LESSOR shall pay commissions as per separate agreement with Kidder Mathews.

IN WITNESS WHEREOF, LESSOR and the LESSEE have caused this lease to be executed this \_\_\_\_\_ (day) of \_\_\_\_\_ (month), \_\_\_\_\_ (year).

**LESSOR**

MPH HOLDINGS, LLC

BY: \_\_\_\_\_  
Shelby Hentges

ITS: Managing Member

**LESSEE**

City of Olympia

BY: \_\_\_\_\_  
Steven R. Hall

ITS: City Manager

STATE OF WASHINGTON) ) ss.  
COUNTY OF THURSTON )

On the \_\_\_\_ day of \_\_\_\_\_ 2017, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be the \_\_\_\_\_ of \_\_\_\_\_, a Washington limited liability corporation, who executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability corporation for the uses and purposes therein mentioned and on oath states that \_\_\_\_\_ is authorized to execute the said instrument.

WITNESS my hand and official seal the day and year first above written.

\_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_  
NOTARY PUBLIC in and for the State of  
Washington, residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_

STATE OF WASHINGTON ) ) ss.  
COUNTY OF THURSTON )

On the \_\_\_\_ day of \_\_\_\_\_ 2017, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be the \_\_\_\_\_ of the City of Olympia, a municipal corporation, who executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned and on oath states that \_\_\_\_\_ is authorized to execute the said instrument.

WITNESS my hand and official seal the day and year first above written.

\_\_\_\_\_  
Signature  
Print Name: \_\_\_\_\_  
NOTARY PUBLIC in and for the State of  
Washington, residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_

**EXHIBIT 1- FLOOR PLAN**

