

LEASE

This lease made and entered on the _____ day of _____ 2022, by and between John von Krusenstiern, an individual, hereinafter referred to as Lessor, and Whatcom County, a Washington municipal corporation, hereinafter referred to as Lessee.

1. Premises: Lessor leases to Lessee and Lessee leases from Lessor approximately 3438 square feet of premises in the City of Bellingham, Whatcom County, Washington, located and known as Unit "B", 4020 Hammer Drive, Bellingham, Washington 98226. The legal tax parcel number of 4020 Hammer Drive is 3803172074550000.
2. Term: This lease is for a term of five (5) years, beginning January 1, 2023, and ending December 31, 2027, inclusive.
3. Rent: The Lessee agrees to pay the Lessor for the premises described in paragraph 1 above, for the term described in paragraph 2 above, a monthly rental payment, hereinafter referred to as "Base Rent" of \$2,338.00. This amount shall be payable to the Lessor on the 1st day of every month of the term of this lease, beginning on January 1, 2023. Lessee also agrees to pay a monthly assessment as described in Paragraph 5 of this lease, for each month of the term of this lease. Both base rent and monthly assessment are payable, in advance, on the first day of each calendar month of the lease term. Rents and assessments are payable to Lessor and shall be mailed to Post Office Box 32, Bellingham, Washington, 98227, or such other place as the Lessor may designate.
4. Repairs and Alterations: The premises have been inspected by the Lessee. The Lessee shall, at its own expense and at all times, take good care of the premises and shall keep it clean, sanitary and neat, and shall keep and use the premises in accordance with all applicable laws, ordinances, rules and regulations and requirements of governmental authorities. Lessee shall permit no waste, damage, or injury to the premises. Except for the roof, exterior walls and foundation, Lessee shall make repairs necessary to maintain the premises in as good condition as the premises were on December 1, 2002, which is the date of the original lease, reasonable use, wear, and damage by fire or other casualty excepted. Lessee also agrees to repair roof, exterior wall, and foundation if damaged by Lessee. At the termination or sooner expiration of this lease, Lessee shall quit and surrender the premises in a neat and clean condition and will deliver all keys to said premises to Lessor. If Lessee fails to render possession of the premises as provided herein, Lessor shall have the right to perform the work necessary to put said premises in a clean condition, at Lessee's expense, and Lessee agrees to reimburse Lessor a reasonable sum therefore.

The Lessee shall have the authority to make alterations, decorations, installations, additions or improvements in and to the leased premises, including cabinetry, shelving, special electrical work and plumbing work, so long as prior written consent is obtained from the Lessor. Such consent shall not be unreasonably withheld.

Common areas, including parking areas, and the entrances and exits thereof, driveways, sidewalks, landscaped areas, and other areas and facilities provided for general use, shall be kept in repair by The Lessor. The Lessor reserves the right to exercise control and management of the common area, and the Lessor shall have the right to establish, modify, change, and enforce such uniform and nondiscriminatory rules and regulations relating to the said common areas as in its discretion it deems advisable. The Lessee agrees to abide by and conform to such rules and regulations. All outside walls, roof, foundation, and structural repairs shall be made by the Lessor. Replacement of cracked or broken glass on the Lessee's doors or windows shall be the responsibility of the Lessee.

5. Taxes and Utilities: The Lessee hereby covenants and agrees to pay as additional rent a prorata share of the real estate taxes and assessments, insurance, utilities and common area maintenance and repairs, as evidenced on Exhibit "A". This assessment shall be based upon the actual square footage as occupied by Lessee, provided, however, Lessor may adjust on an annual basis for any increases in these costs. Lessor agrees to provide Lessee with all information as required substantiating any increase affecting Lessee under this provision. The assessment shall be based on the following: Base Year 2022; Square Footage Leased 3,438. This assessment is payable in lawful United States money in advance on the first day of each calendar month of the lease term.

6. Additional Taxes: Should there presently be in effect or should there be enacted during the term of this lease, statute or ordinance levying any tax, (other than Federal or State Income Taxes) upon rents, Lessee shall pay to Lessor such tax ten (10) days prior to the due date, or shall reimburse Lessor on demand for any such taxes paid by Lessor.

7. Utilities & Fees: Lessee agrees to pay all charges for natural gas, heat, garbage and all other utilities and services to the premises during the full term of the lease. Lessee shall also pay all license fees and other governmental charges levied on the operation of Lessee's business from the premises. Included in the monthly rental and paid by Lessor shall be electricity and water/sewer.

8. Public Liability Insurance: Lessee shall, at Lessee's sole expense, carry public liability and property damage insurance. Such insurance is to afford protection to the limit of not less than \$1,000,000 Combined Single Limit with respect to public liability and property damage. Such insurance shall neither be cancelable nor allowed to expire (non-renewal) without notice being received by the Lessor at least ten (10) days prior to either the cancellation or non-renewal of the policy.

9. Commercial General Liability Insurance: Lessor shall, at Lessor's sole expense, carry commercial general liability insurance with a minimum coverage of \$1,000,000.00 per occurrence for both property damage and personal injury. Such insurance shall neither be cancelable nor allowed to expire (non-renewal) without notice being received by the Lessee at least ten (10) days prior to either the cancellation or non-renewal of the policy

10. Property damage or Loss: The Lessor or its agents shall not be liable for any damage to the property of the Lessee or of others entrusted to employees of the building, nor for the loss of or damage to any property resulting from fire, explosions, falling plaster, steam, gas, electricity, water, rain or snow, or leaks from any part of the building, or from pipes, appliances, or plumbing works, or from the roof, street or sub-surface or from any other place, or by dampness or by any other cause of whatsoever nature, unless caused by or due to the negligence of the Lessor, its agents, servants, or employees; nor shall the Lessor or its agents be liable for any such damage caused by the other tenants or persons in the building. Notice of any such damage or injury shall be communicated to the Lessor immediately.

11. Care of Premises: The Lessor shall not be called upon to make any improvement or repair of any kind upon the premises, and said premises shall at all times be kept and used in accordance with the laws of the State of Washington, and in accordance with all directions, rules and regulations of the health officer, fire marshal, building inspector, or other proper officer, of any pertinent and authorized public authority, at the sole cost and expense of the Lessee; and Lessee shall permit no waste damage or injury to the premises, including the freezing of water pipes and draining lines within the leased area.

All damage or injury to the premises and to its fixtures caused by the Lessee moving property in or out of the building or by installation or removal of furniture, fixtures or other property, or resulting from fire, explosion, short circuits, water leakage, steam or from any other cause or any other kind of nature whatsoever due to carelessness, omission, neglect or improper conduct on the part of the Lessee, its

servants, employees, agents, visitors or licensees, shall be repaired, restored or replaced promptly by the Lessee at its sole cost and expense and to the satisfaction of the Lessor. All of the aforesaid repairs or replacements shall be in quality and class equal to the original work or installations. If the Lessee fails to make such repairs or replacements within a reasonable time, then the Lessor may make them and the Lessee shall pay for the same within five (5) days after rendition of a bill therefore.

12. Use: the Lessee shall conduct and carry on in the premises the business for which the premises are leased, and shall not use the premises for illegal purposes. The Lessee agrees that no stocks of good will be carried or anything done in or about the premises which will increase the present rate of insurance, provided however if the Lessee shall engage in such business with the consent of the Lessor, which business shall increase the insurance rates, then the Lessee shall pay such increase.

13. Liens and Insolvency: Lessee shall keep the leased premises and the property in which the lease premises are situated, free from any liens arising out of any work performed, materials furnished, or obligations incurred by the Lessee. In the event Lessee becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of the Lessee, then the Lessor may cancel this lease at the Lessor's option.

14. Assignment: The Lessee expressly covenants that it shall not assign, mortgage or encumber this agreement, nor underlet, or suffer or permit the premises or any part thereof to be used by others without the prior written consent of the Lessor in each instance. In the event of any assignment so consented to, a minimum charge of 25% of one month's rent shall be made by the Lessor for any expenses resulting therefrom. If this lease be assigned, or if any part the premises is used by others, the Lessor may collect rent from the assignee, under-tenant, or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, under-letting, occupancy, or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, under-tenant or occupant, or a release of the Lessee from further performance as herein contained. The written consent of the Lessor to an assignment or under-letting shall not in any way be construed to relieve the Lessee from obtaining the express consent in writing of the Lessor to any further assignment or under-letting.

15. Access to Premises: The Lessee shall permit the Lessor to erect, use, and maintain pipes and conduits in and through the leased premises. Only in the presence of Whatcom County staff, Lessor shall have the right to enter the premises at all times to examine the same, and to show them to prospective purchasers or Lessees of the building, and to make such decorations, repairs, alternations, improvements or additions as the Lessor may deem necessary or desirable. Such work shall not constitute any eviction of the Lessee. If the Lessee shall not be personally present to open and permit any entry into the premises, only in case of emergencies may the Lessor or its agents enter the same by a master key, or may forcibly enter, without rendering the Lessor or its agents liable therefore.

Lessor shall grant Lessee 24-hour access to the premises.

Nothing contained herein, however, shall be deemed or construed to impose upon the Lessor any obligation, responsibility or liability whatsoever for the care, supervision, or repair of the Lessee's premises, other than as provided herein.

16. Destruction & Other Casualty: If the leased premises shall be partially damaged by fire or other cause without the fault or neglect of the Lessee or its agents, the damages shall be repaired by and at the expense of the Lessor, and the rent until such repairs shall be made shall be apportioned according to the part of the premises which is unusable by the Lessee; but if such partial damage is due to the fault or neglect of the Lessee or its agents, without prejudice to any other rights or remedies of the Lessor, and without

prejudice to the rights or subrogation of the Lessor's insurer, the damages shall be repaired by the Lessor but there shall be no apportionment or abatement of rent. No penalty shall accrue for reasonable delay, which may arise by reason of adjustment of insurance on the part of the Lessor and/or the Lessee, and for reasonable delay on account of 'labor troubles' or any other cause beyond the Lessor's control. If the leased premises are totally damaged or are rendered wholly untenable by fire or some other cause, and if the Lessor shall decide not to restore or not to rebuild the same, or if the building shall be so damaged that Lessor shall decide to demolish it or to rebuilt it, then, or in any such events, the Lessor may within ninety (90) days after such fire or other cause, give the Lessee a notice in writing of such decision, and thereupon, the term of this lease shall expire by lapse of time upon the third day after such notice is given, and the Lessee shall vacate the premises and surrender the same to the Lessor. If the Lessee shall not be in default under this lease, then upon termination of this lease under the conditions provided for above, the Lessee's liability for rent shall cease as of the day following the casualty. If the damage or destruction be done due to the fault or neglect of the Lessee, the debris shall be removed by and at the expense of the Lessee.

17. End of Term: Upon the expiration or other termination of the term of this lease, the Lessee shall quit and surrender to the Lessor the leased premises, "broom-clean", in good order and condition, ordinary wear excepted, and the Lessee shall remove all of its property. All alterations, decorations, installations, additions, or improvements upon the premises made by either party, including all paneling, partitions, railings and the like, shall become the property of the Lessor and shall remain upon and be surrendered with the premises at the expiration of the term. All keys belonging to the premises must be delivered to the Lessor at such termination.

18. Notices: Any notice required to be served in accordance with the terms of this lease shall be sent by registered mail, if from the Lessee to the Lessor's last known address, and if from the Lessor to the Lessee at Whatcom County Administrative Services, 311 Grand Ave., Bellingham, WA 98225.

19. Governmental Fees: All fees due the city, county or state on account of any inspection made on said leased premises by any officer thereof, shall be paid by the Lessee.

20. Default & Re-Entry: If any rents above reserved, or any part thereof, shall be and remain unpaid when the same shall become due, or the Lessee shall violate or default in any of the covenants and agreements herein contained, then the Lessor may cancel this lease upon giving the notice required by law, and may re-enter said premises, but notwithstanding such re-entry by the Lessor, the liability of the Lessee for rent provided for herein shall not be extinguished for the balance of the term of the lease, and the Lessee covenants and agrees to make good to the Lessor any deficiency arising from a re-entry and re-letting of the premises at a lesser rental than herein agreed to. The Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Lessor.

21. Costs & Attorney Fees: Should disagreement regarding the terms and conditions of this lease arise and adjudication become necessary, the prevailing party shall have their costs and attorneys' fees paid by the other party.

22. Non-Waiver of Breach: The failure of the Lessor to insist upon strict performance of any of the covenants and agreements to this lease, or to exercise any option herein conferred to any one or more instances, shall not be construed to be a waiver or relinquishment of any such agreement, or any other covenants or agreements, but the same shall be and remain in full force and effect.

23. Removal of Property: In the event of an entry in, or taking possession of, the leased premises as aforesaid, the Lessor shall have the right, but not the obligation, to remove from the leased premises all personal property located therein, and may store the same in any place selected by the Lessor, including but not limited to a public warehouse, at the expense and risk of the owners thereof, with the right to sell such

stored property without notice to the Lessee after it has been stored for a period of thirty (30) days or more; the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Lessee to lessor under any of the terms hereof; and, the balance, if any, to be paid to the Lessee.

24. Heirs & Successors: Subject to the provisions hereof pertaining to assignment and sub-letting, the covenants and agreements of this lease shall be binding upon the heirs, legal representatives, successors, and assigns of any or all of the parties hereto.

25. Hold-Over: If the Lessee shall, with the written consent of the Lessor, hold over after the expiration of the terms of the lease, such tenancy shall be for an indefinite period of time on a month-to-month tenancy, which tenancy may be terminated as provided by the Laws of the State of Washington. During such tenancy, the lessee agrees to pay to the Lessor the same rate of rental as set forth herein, unless a different rate is agreed upon, and to be bound by all of the terms, covenants and conditions as herein specified and so far as applicable.

26. Renewal: The Lessee shall have no option to renew this lease agreement under the existing terms and conditions as here and before provided. However, the Lessor and the Lessee may agree to negotiate in good faith a new lease agreement. All terms and conditions for such renewal must be mutually agreed upon between the parties.

27. Termination and Government Use: In the event that any condemnation or otherwise taking of title, possession or the right of possession of the premises, or any part thereof by any federal, state or local government or agency, the Lessor may at its option terminate this lease as of the date of such taking, and if the Lessee is not in any default under any of the provisions of the lease on said date, any rent prepaid by Lessee shall, to the extent allowable for any period subsequent to the effective date of the termination, be promptly refunded to the Lessee.

28. Transfer by Landlord: If the Lessor shall assign its interest under this lease or transfer its interest in the premises, Lessor shall be relieved of any obligation accruing hereunder after such assignment or transfer, and such transferee shall thereafter be deemed to be the Lessor thereunder.

29. Subordination: This lease is subordinate to all present and future mortgages, deeds of trust and other encumbrances affecting the demised premises or the property of which said premises are a part. Lessee agrees to execute, at no expense to Lessor, any instrument which may be deemed necessary or desirable by the Lessor to further effect the subordination of this Lease to any mortgage, deed of trust or encumbrance. Lessee irrevocably appoints and constitutes the Lessor as the true and lawful attorney-in-fact for Lessee at any time in Lessee's name, place and stead, to execute proper subordination agreements for this purpose.

30. Mutual Release and Waiver: To the extent a loss is covered by insurance, the Lessor and Lessee hereby mutually release each other from liability and waive all right of recovery against each other for any loss from perils insured against under their respective fire insurance policies, including any extended coverage endorsement thereto; provided that this agreement shall be inapplicable if it would have the effect of invalidating any insurance coverage of the Lessor or the Lessee.

31. Integration: The Lessor has made no representations or promises with respect to the said building or premises except as herein expressly set forth.

32. Riders: This lease is subject to the following terms and conditions.

Exhibit A
(Prepared 10/31/2022)

Total square footage of 4020 Hammer Drive building, Bellingham, Washington 98226 = 8457 square feet.

Unit "A" = 5019 square feet

Unit "B" = 3438 square feet

Total Property Taxes for year 2022 = \$7,347.35

Yearly property taxes due from Unit "A" = \$4,408.41 = \$367.37 monthly.

Yearly property taxes due from Unit "B" = \$2,938.94 = \$244.91 monthly.

Total 2022 Insurance costs for building \$1,399.00

Yearly insurance costs due from Unit "A" = \$839.40 = \$69.95 monthly.

Yearly insurance costs due from Unit "B" = \$559.60 = \$46.63 monthly.

Total monthly assessments due from Unit "B" in addition to "base rent" are: \$291.54.

Base Rent = \$2,338.00 monthly (\$0.68 SF/Month)

Total Rent = \$2,338.00 + \$291.54 = \$2,629.54