

Lease Agreement

IN CONSIDERATION of the rents and covenants hereinafter set forth, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the following described leased Premises on the terms and conditions set forth in this Lease Agreement, hereinafter referred to as the "Lease."

FUNDAMENTAL LEASE PROVISIONS

PREMISES: The premises is the Fire Station 124 identified on Attachment "1" of approximately 6,212 SF of space and located at 1000 Laurel Street, City of Milton, State of Washington 98354. The station is located on property legally described as lots 20-25 and the eastern 20 feet of lot 19, Block 11, Map of Milton. The Tenant may also use necessary parking for on duty personnel and necessary access.

The Premises will be cohabitated by the Landlord and Tenant as identified in Attachment "2."

LANDLORD: City of Milton, a Washington municipal corporation, by Office of the Mayor, 1000 Laurel Street, Milton, WA 98354.

TENANT: East Pierce Fire and Rescue, a Special Purpose Fire District of the State of Washington, by Chair of the Board of Commissioners, East Pierce Fire and Rescue, 18421 Veterans Memorial Drive East, Bonney Lake, WA 98391.

LEASE TERM: September 1, 2020 through August 31, 2022, unless sooner terminated upon the giving of 90 days' advance written notice by either Party to the other or extended by written amendment.

TENANT EXPENSES: Tenant to pay the janitorial and routine maintenance of the Premises and 70% of monthly utility expenses associated with the Premises for the term of this Lease.

LANDLORD EXPENSES: Landlord shall pay for all other building expenses including but not limited to landscape, HVAC and structural maintenance, building and casualty insurance and all other utility expenses except those designated in Tenant Expenses. Landlord will pay 30% of monthly utility expenses.

DATE OF POSSESSION: At Lease Commencement.

BEGINNING MONTHLY RENT: \$1,502.20

USE OF LEASED PREMISES: District Fire Station.

GENERAL PROVISIONS:

1. **Use:** Tenant shall have the right to use the Premises only for the purpose expressly set forth in the Fundamental Lease Provisions and for no other purpose.
2. **Term:** The Term of this Lease is as set forth in the Fundamental Lease Provisions.
3. **Rent:** Tenant shall pay to Landlord, without prior demand, deduction or set off, as follows:

- 3.1. \$1502.20 per month for the first four (4) months. The monthly rent shall increase annually on the first day of January by an amount equal to the change in the June Consumer Price Index for All Urban Consumers (CPI-U), Seattle-Tacoma-Bellevue, for the previous year.
- 3.2. Rent is due on or before the 15th day of the month.
- 3.3. Any installment of Rent or other sums due Landlord not received by Landlord within Five (5) days of the due date for the payment shall constitute a late payment. A late payment charge of two-hundred and fifty (\$250.00) Dollars shall be assessed. Acceptance of any such late charge by Landlord shall not constitute a waiver of Tenant's default with respect to such overdue amount.
4. Assignment and Subletting: This lease is specific to the Tenant and Tenant shall not have the right to assign, mortgage, or hypothecate this Lease or permit use of the Premises by any person(s) entity or sublet all or any part of the Premises without Landlord's prior written consent. Landlord's written consent shall not be unreasonably withheld. Any assignment by Tenant shall not release Tenant from its primary liability under this Lease.
5. Conduct of Business: Tenant shall promptly comply with all laws, ordinances, orders and regulations affecting the leased Premises and the building in which the same are situated. Tenant shall not perform any acts or carry on any practices that may injure adjoining Tenants or be a menace or nuisance to other persons or businesses in the area or disturb the quiet enjoyment of any person. Tenant shall not commit or allow to be committed any waste in or upon the Premises or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose.
6. Indemnification and Hold Harmless: The Parties agree to indemnify, defend and hold harmless the other from any and all claims arising from the individual Party's use of the Premises or from the conduct of its business or from any activity, work or things which may be permitted or suffered by the Party in or about the Premises. The Tenant shall further indemnify, defend and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the provisions of this Lease or arising from any negligence of Tenant or any of its agents, contractors, employees or invitees, and from any and all costs, attorney's fees, expenses and liabilities incurred in the defense of any claims or any action or proceeding brought thereon. Tenant hereby assumes all risk of damage to property or injury to persons on the Premises from any cause, and Tenant hereby waives all claims in respect thereof against Landlord, excepting wherein said damage or injury arises out of Landlord's negligence. During the performance of this Lease, neither Party shall be deemed an agent of the other.
7. Insurance: The Tenant shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the Tenant's operation and use of the leased Premises.
- 7.1. No Limitation. Tenant's maintenance of insurance as required by this Agreement shall not be construed to limit the liability of the Tenant to the coverage provided by such insurance, or otherwise limit the Landlord's recourse to any remedy available at law or in equity.

7.2. Minimum Scope of Insurance. Tenant shall obtain insurance of the types described below:

7.2.1. Commercial General Liability insurance shall be written on Insurance Services Office (ISO) occurrence form CG 00 01 and shall cover Premises and contractual liability. The City shall be named as an insured on Tenant's Commercial General Liability insurance policy using ISO Additional Insured-Managers or Lessors of Premises Form CG 20 11 or a substitute endorsement providing equivalent coverage.

7.2.2. Property insurance shall be written on an all risk basis.

7.3. Minimum Amounts of Insurance. Tenant shall maintain the following insurance limits:

7.3.1. Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence, \$2,000,000 general aggregate.

7.3.2. Property insurance shall be written covering the full value of Tenant's property and improvements with no coinsurance provisions.

7.4. Other Insurance Provisions. The Tenant's Commercial General Liability insurance policy or policies are to contain, or be endorsed to contain, that they shall be primary insurance as respects the Landlord. Any Insurance, self-insurance, or insurance pool coverage maintained by the Landlord shall be excess of the Tenant's insurance and shall not contribute with it.

7.4.1. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best rating of not less than A: VII.

7.4.2. Verification of Coverage. No later than ten (10) business days after execution of this Agreement by the Parties, Tenant shall furnish the Landlord with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Tenant.

7.4.3. Waiver of Subrogation. Tenant and Landlord hereby release and discharge each other from all claims, losses and liabilities arising from or caused by any hazard covered by property insurance on or in connection with the Premises. This release shall apply only to the extent that such claim, loss or liability is covered by insurance.

7.4.4. Landlord's Property Insurance. Landlord shall purchase and maintain during the term of the lease all-risk property insurance covering the Premises for its full replacement value without any coinsurance provisions.

7.4.5. Notice of Cancellation. The Tenant shall provide the Landlord with written notice of any policy cancellation, within two business days of its receipt of such notice.

7.4.6. Failure to Maintain Insurance. Failure on the part of the Tenant to maintain the insurance as required shall constitute a material breach of this Lease Agreement, upon which the Landlord may, after giving five (5) business days' notice to the Tenant to correct the breach, terminate the Lease or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the Landlord on demand or through collection procedures as

authorized by law.

7.4.7. City Full Availability of Tenant Limits. If the Tenant maintains higher insurance limits than the minimums shown above, the Landlord shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Tenant, irrespective of whether such limits maintained by the Tenant are greater than those required by this contract or whether any certificate of insurance furnished to the Landlord evidences limits of liability lower than those maintained by the Tenant.

8. Care and Surrender of Premises: Tenant has examined the Premises and accepts them in their present condition "as is" and will at all times keep the Premises in a neat, clean and sanitary condition. Tenant agrees to repair any damage to the Premises arising from removal or relocation of its equipment fixtures or personal property.

9. Alterations or Improvements:

9.1 Alterations. Tenant may make any alterations, additions, renovations or improvements in or to the Premises, provided the Tenant first obtains the written consent of the Landlord; and further provided, all Landlord-approved alterations shall be at the sole cost and expense of Tenant and, at Landlord's option, shall either: (A) immediately become a part of the real property and belong to Landlord without payment of any consideration and shall remain in and be surrendered with the Premises as a part thereof at the expiration or sooner termination of this Lease or (B) any alterations, additions, renovations or improvements shall be removed at the Lease termination and the leased Premises shall be returned to the original state prior to commencement of this Lease.

9.2 Exterior Storage. Tenant agrees it will not store vehicles, material, equipment, or other items outside the fire station. Tenant will not obstruct the use of parking, landscaping or other areas not included in the use and occupancy of the fire station.. Tenant agrees that no hazardous materials will be stored in, on or about the leased Premises.

9.3 Indemnification. Tenant agrees to indemnify and hold Landlord and its employees free and harmless from, and against, any and all damage, injury, loss, liens, cost and/or expenses (including attorneys' fees) arising, claimed or incurred by reason of such alterations even if such alterations have been approved by or supervised by Landlord, its agents or contractors.

10. Mechanic's Liens: Tenant agrees to keep all of the leased Premises and every part thereof free and clear from any and all mechanic's, materialman's and other liens for work or labor done, services performed, materials, appliances, transportation or power contributed, used or furnished to be used in or about the leased Premises to or on the order of Tenant, and at all times Tenant shall promptly and fully pay and discharge any and all claims upon which any such lien may or could be based. No liens of any character whatsoever created or suffered by Tenant shall in any way, or to any extent, affect the interest or rights of Landlord in any buildings or other improvements on or about the leased Premises, or attached to or affect Landlord's title to or rights in the leased Premises.

11. Fire and Casualty Damage: If the leased Premises are damaged by fire or casualty, but are not rendered untenable in whole or in part, Landlord shall have the option to cause such damage to be repaired from the insurance proceeds paid pursuant to such damage and the rent shall not be abated. If by reason of such occurrence or occurrences the leased Premises shall be rendered untenable either in whole or in part, Landlord likewise shall have the option to cause the damage to be repaired, in which case the Minimum Monthly Rent provided hereunder shall be abated proportionately as to the portion of the leased Premises rendered untenable. In the event the destruction of the Premises is to an extent of ten (10%) percent or more of the full replacement cost then Landlord shall have the option; (1) to repair or restore such damage, this lease continuing in full force and effect but the rent to be proportionately reduced as hereinabove in this paragraph provided; or (2) to give notice to Tenant at any time within sixty (60) days after such damage terminating this Lease as of the date specified in such notice, which date shall be no more than thirty (30) days after the giving of such notice. Landlord shall not be required to repair any injury or damage by fire or other cause or to make any repairs or replacements of any leasehold improvements, fixtures or other personal property of Tenant. In no event shall Landlord be liable to make repairs costing in excess of the insurance proceeds paid to Landlord as a result of the damage or destruction.

12. Default: If Tenant shall default in the payment of any rent or charge or sum of money due and such default shall continue for a period of five (5) days after written notice thereof from Landlord, or if Tenant shall default in the performance or observance of any other term, covenant, agreement or obligation of this Lease to be performed or observed by Tenant, and such default shall continue for a period of ten (10) days after written notice thereof by Landlord, then Landlord shall have, in addition to any other remedies available at law, without further notice to Tenant and without barring later election of any other remedy, any one or more of the following remedies at Landlord's election:

12.1 Landlord may require strict performance of all the terms, covenants, agreements and obligation, hereof, as the same shall accrue, and have the right of action therefore; or

12.2 Landlord may reenter the leased Premises, with process of law, eject all parties in possession thereof there from, and without terminating this Lease, relet the leased Premises or any part thereof, or parts thereof, for the account of Tenant, or otherwise, and receive and collect the rents thereof; or

12.3 By written notice to Tenant, Landlord may declare this Lease at an end, reenter the leased Premises by process of law, eject all parties in possession thereof there from, in which event Landlord shall have the right to recover from Tenant all damages it may incur by reason of such default.

12.4 All rights and remedies of Landlord herein enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law, or equity. Landlord and Tenant further agree that in the event Tenant breaches this Lease or any covenant, term or condition hereunder, and abandons the leased Premises, or any portion thereof, this Lease shall continue in force and effect so long as Landlord does not terminate Tenant's right to possession, as set forth in this Lease. Acts of maintenance or preservation, or efforts to relet the leased Premises, or the appointment of a Receiver upon the initiation of the

Landlord to protect the Landlord's interest under this lease shall not constitute a termination of Tenant's right to possession. If Landlord at any time, by reason of Tenant's default, pays any sum or does any act that requires the payment of any sum, or if Landlord incurs any expense, including attorney fees, in instituting proceedings, or defending any action or proceeding instituted by reason of any default of Tenant hereunder, the sum or expense paid by Landlord, with all interest, costs and damages, shall be due immediately from Tenant to Landlord at the time the same is paid, and if not so immediately paid by Tenant, shall bear interest at the rate of one percent (1%) per month or fraction thereof.

13. Holdover: This Lease shall terminate and shall become null and void without further notice upon the expiration of the term, or sooner as specified herein. If Tenant shall hold over for any period after the expiration of said Term, Landlord may, at its option, exercised by written notice to Tenant, treat Tenant as a Tenant from month-to-month commencing on the first day following the expiration of this Lease, subject to the terms and conditions herein contained, except that the Rent, which shall be payable in advance monthly, shall be equal to the amount of said monthly Rent applicable at the date of expiration, together with all additional rents, costs, expenses and other rental adjustments herein called for.

14. Rights Reserved by Landlord:

- 14.1. Tenant agrees to permit Landlord or the authorized representative of Landlord to enter the leased Premises at all reasonable times during usual business hours for the purposes of: (a) inspecting the same, (b) making such repairs or reconstruction required or permitted by Landlord; and (c) performing any work therein that may be necessary by reason of Tenant's default under the terms of this Lease, without prior written notice thereof to Tenant.
- 14.2. Landlord is hereby given the right during usual business hours to enter the leased Premises and to exhibit the same for purposes of sale, lease or mortgage, and during the last TWO (2) months of the Term of this Lease, to exhibit the same to any prospective tenant.
- 14.3. Beyond exercising its rights under Sections 14.1 and 14.2 above, the Landlord shall not unreasonably interfere with Tenant's use of the Premises.

15. Loss and Damage: Landlord shall not be liable for any damage or theft to property of Tenant, or of others located on the leased Premises. Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or leaks from any part of the leased Premises or from the pipes, appliances or plumbing works or from the roof, street or subsurface, or from any other place or by dampness or by any other cause of whatsoever nature unless due to the willful negligence of Landlord. Landlord shall not be liable for any such damage caused by other Tenants or persons in the leased Premises, occupants of adjacent property, of the building, or the public, or caused by operations in construction of any private, public or quasi-public work unless due to the willful negligence of Landlord. Landlord shall not be liable for any latent defect in the leased Premises unless due to the willful negligence of Landlord. All property of Tenant kept or stored on the leased Premises shall be kept or stored at the risk of Tenant.

16. Miscellaneous Provisions:

- 16.1. Lease Binding on Successors. The covenants and agreements herein contained shall bind and inure to the benefit of Landlord and Tenant, and each of their heirs, personal representatives, successors and assigns, subject to the provisions of this Lease.
- 16.2. Attorney Fees. In the event that legal proceedings are brought or commenced to enforce the terms of this Lease, the prevailing party shall be entitled to recover from the other party all costs and expenses of such proceedings, including its actual attorneys' fees, whether or not any proceedings are prosecuted to judgment. Any causes of action are to be brought in Pierce County, Washington.
- 16.3. Notices. Any notice or demand required or permitted by law or by any of the provisions of this Lease shall be in writing. All notices or demands shall be deemed to have been properly given when served personally on the Tenant/Landlord or when sent by registered or certified mail, postage prepaid, addressed to the address set forth in the Fundamental Lease Provisions.
- 16.4. Partial Invalidity. If any term, covenant or condition of this Lease shall be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term, covenant or condition of this Lease shall be valid and enforced to the fullest extent permitted by law.
- 16.5. Non-Waiver. The failure of either Party to insist upon strict performance of any provision of this Lease shall not impact that Party's right to insist upon strict performance at a later time.
- 16.6. Agreements in Writing. It is understood that there are no oral agreements between the Parties hereto affecting this Lease, and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the Parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none shall be used to interpret or construe this Lease. It is further agreed by and between the Parties hereto that there shall be no modification or amendment of this Lease, except as may be executed in writing between all Parties hereto.
- 16.7. Headings and Captions. The headings or captions of paragraphs in this Lease are for convenience and reference only, and they in no way define, limit or describe the scope or intent of this Lease or the provision of such paragraphs.
- 16.8. Time. Time is hereby expressly declared to be of the essence of this Lease and of each and every covenant, term, condition and provision hereof.
- 16.9. Performance and enforcement of this Lease. Any proceedings regarding this Lease shall be in Pierce County, Washington.

IN WITNESS WHEREOF, the Parties hereto have executed this lease as of the day and year written below.

TENANT:

East Pierce Fire and Rescue, a special
purpose district of the State of Washington

By: Bob Backer
Its: FIRE CHIEF
Date: 8/20/2020

LANDLORD:

City of Milton, a municipal corporation

By: Chris McKee
Its: Mayor
Date: August 18, 2020

2020 Fire Department Cohabitation Proposal

The fire station structure at 1000 Laurel Street, Milton, WA 98354 contains 6,212 square feet of rentable space.

A Market Rent Study was completed by Valbridge Property Advisors on January 22, 2016. The Study concluded a market rent of \$4.00 per square foot per year for the fire station structure.

This rate was adjusted per Section 3.1 of the Lease Agreement as follows:

Year	CPI-U	Rate per SF
2018	3.0%	\$ 4.12
2019	3.3%	\$ 4.26
2020	2.3%	\$ 4.35

Dedicated City Space Calculation:

Description	Total Square Feet
Upstairs Space of (2) 18' x 7'	252.00
Upstairs Entry of 7' x 10'	70.00
Engine Bay at North East End of Engine Bays of 21' x 43'	903.00
Training Room, Hallway Office Spaces, Bathroom of 42' x 28'	1,176.00
Less: (2) Office Spaces of 8'6.5" x 13'9"	(234.00)
(1) Office Space of 10'10" x 9'1.5"	(99.00)
	2,068.00

East Pierce Fire and Rescue Space Calculation:

Description	Total Square Feet
Total Building Rentable Space	6,212.00
Less: Dedicated City Space	(2,068.00)
	4,144.00

Rent Calculation:

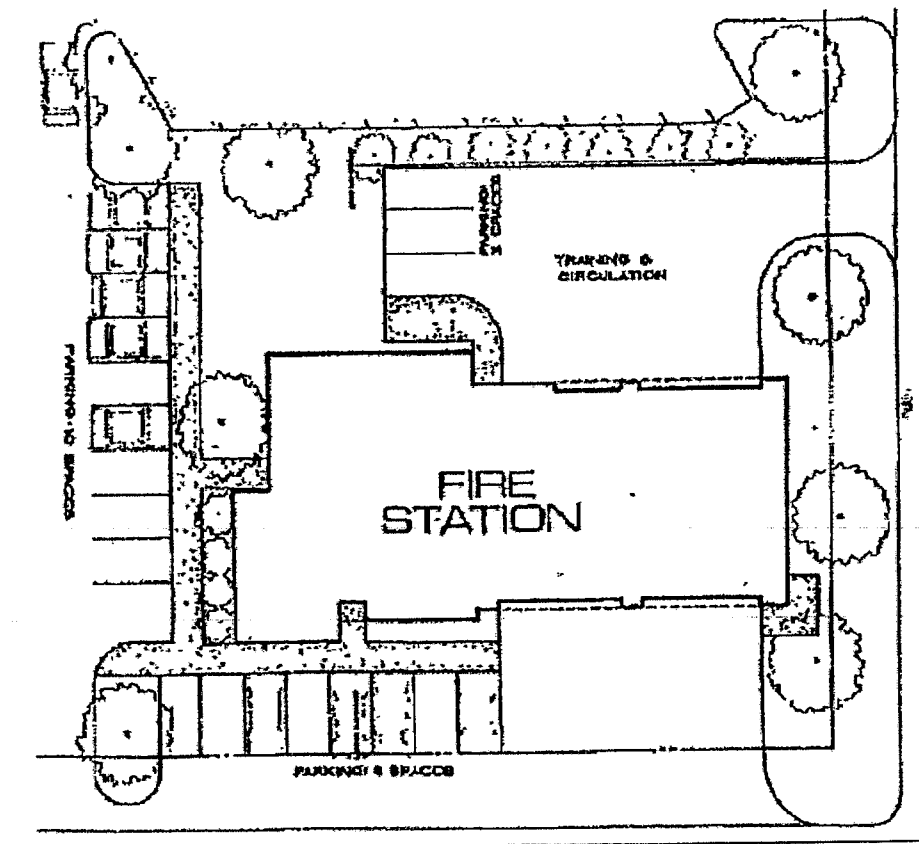
Total square feet of 4,144 at \$4.35 per square foot per year

Annual Rent	\$ 18,026.40
Monthly Rent	\$ 1,502.20

Attachment 1

Map of Station and Grounds

1000 Laurel Street, Milton, WA



Laurel Street

Attachment 2

2020 Fire Station Cohabitation Plan

