COMMERCIAL LEASE AGREEMENT
Sequim Transit Center

This Commercial Lease Agreement ("Lease") is made and effective January 1, 2020, by and between Clallam Transit System ("Landlord" or "CTS") and the City of Sequim ("Tenant" or "Sequim"), collectively "the Parties."

Landlord is the owner of land and improvements commonly known and numbered as West Cedar Street, Sequim, Washington, and legally described on Exhibit A, attached hereto and incorporated herein by this reference.

Landlord desires to lease to Tenant the entire building premises, except for the CTS Employee Breakroom, herein by this reference ("the Leased Premises" or "Building") and Tenant desires to lease the Leased Premises from the Landlord for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

Therefore, in consideration of the mutual promises herein contained, and other good and valuable consideration, it is agreed:

1. Term

The Landlord hereby leases the Leased Premises to the tenant and the Tenant hereby leases the same from the Landlord, commencing on the date of execution by all Parties, and terminating on January 1, 2103. At the conclusion of this lease term, the parties agree to consider, in good faith, extension of this lease for an additional rental term to be agreed upon.

2. Rental

Due to the responsibilities and duties assumed by the Tenant related to the maintenance and operations of the Leased Premises, the Tenant shall pay the Landlord no rental, beyond performance of such duties.

3. Sublease and Assignment

The Tenant shall not have the right, without the Landlord's consent, to assign this Lease.

4. Repairs, Landscaping, and Snow Removal

During the Lease term, the Landlord shall make all reasonable and necessary structural repairs to the improvements on the Leased Premises and shall seal and repair the parking lot. The Tenant shall be responsible for maintenance of the landscaping. The Tenant shall be responsible for all other repairs, including all repairs caused by normal wear and tear. All aspects of this section are subject to the obligations of the Parties otherwise set forth in this Lease. The Landlord shall be responsible for the maintenance of any areas not leased to the Tenant.

5. Alterations and Improvements

The Tenant, at the Tenant's expense, shall have the right, following the Landlord's written consent from the CTS General Manager, to remodel, redecorate, and make additions, improvements, and replacements of all and to all or part of the Leased Premises from time to time as the Tenant may deem desirable, provided the same are made in workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment, and other temporary installations in and upon the Leased Premises and fasten the same to the premises. All non-leased personal property, equipment, machinery, trade fixtures, and temporary installations, whether acquired by the Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by the Tenant thereafter, shall remain the Tenant's property free and clear of any claim by the Landlord. The Tenant shall have the right to remove the same at any time during the term of this Lease, provided that all damage to the Leased Premises caused by such removal shall be repaired by the Tenant, at the Tenant's expense. The Tenant shall not have claim to any property or equipment owned or provided by the Landlord.

6. Insurance

A. The Landlord shall maintain fire and extended coverage insurance on the Leased Premises in such amounts as the Landlord shall deem appropriate. The Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

B. The Tenant and the Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Building. Each Party will pay all premiums in full on or before their due date and maintain uninterrupted coverage for the length of the lease term. Each Party's policy or policies will be issued by and binding upon an insurance company or risk pool approved by the other Party. Each Party's policy or policies must provide coverage for bodily injury, property damage, or a combination thereof with amount limits acceptable to the other Party. The Landlord shall not be required to maintain insurance against thefts within the Leased Premises or the Building.

C. Each Party agrees to provide the other with written evidence of participation in a program of self-insurance or participation in a risk pool that is sufficient to address the insurance obligations set forth above.

7. Indemnification

A. Sequim agrees to defend, indemnify, and hold harmless CTS, its appointed and elected officers and employees, from and against any and all liability, loss, cost, damage, and expenses, including costs and attorney fees in defense thereof, because of actions, claims, or lawsuits for damages because of personal or bodily injury, including death at any time resulting therefrom, sustained or alleged to have been sustained by any person or persons, and on account of damage to property, including the loss of use thereof, asserted or arising or alleged to have arisen directly or indirectly out of or in consequence of Sequim's or its employees' performance of this Agreement or the negligence or willful acts of Sequim or its employees.

B. CTS agrees to defend, indemnify, and hold harmless Sequim, its appointed and elected officers and employees, from and against any and all liability, loss, cost, damage, and expenses, including costs and attorney fees in defense thereof, because of actions, claims, or lawsuits for damages because of personal or bodily injury, including death at any time resulting therefrom, sustained or alleged to have been sustained by any person or persons, and on account of damage to property, including the loss of use thereof, asserted or arising or alleged to have arisen directly or indirectly out of or in consequence of CTS's or its employees' performance of this Agreement or the negligence or willful acts of CTS or its employees.

8. Utilities and Janitorial Services

The Tenant shall pay for janitorial and all other services and utilities used by the Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by the Landlord. Areas located on the real property and not leased to the Tenant shall be separately metered for electricity, and the Landlord shall be responsible for electrical service to such areas. The public bathrooms and the exterior landscaping shall be separately metered for water, and the Landlord shall pay for such water usage, in accordance with the provisions of this paragraph.

The Landlord shall reimburse to the Tenant fifty percent (50%) of all janitorial services and janitorial paper products including, but not limited to, toilet tissue, paper hand towels, toilet seat covers, and waste container liners; landscape maintenance services and supplies; and all utilities used on the Leased Premises during the

term of the Lease Agreement. The Tenant shall provide cleaning and minor maintenance of the parking lot and bus lanes and the Landlord shall reimburse the Tenant for the Tenant's actual costs of these services.

9. Entry

The Landlord shall have the right to enter upon the Leased Premises at any time to inspect the same, provided the Landlord shall not thereby unreasonably interfere with the Tenant's business on the Leased Premises.

10. Damage and Destruction

If the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty, or structural defects that the same cannot be used for the Tenant's purposes, the Tenant shall have the right within thirty (30) calendar days following damage to elect by notice to the Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises, and if such damage does not render the Leased Premises unusable for the Tenant's purposes, the Landlord shall promptly repair such damage at the cost of the Landlord. In making repairs called for in this paragraph, the Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of the Landlord. The Tenant shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased Premises are inoperable or unfit for occupancy or use, in whole or in part, for the Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payment shall be refunded to the Tenant. The provisions of this paragraph extend not only to the maters aforesaid, but also to any occurrence which is beyond Tenant's reasonable control and which renders the Leased Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for the Tenant's purposes. The Tenant shall be responsible for any damage to the Building occurring as a result of the Tenants usage of the Building.

11. Default

If default shall be made in any of the covenants or conditions to be kept, observed, and performed by the Tenant, and such default shall continue for thirty (30) calendar days after notice thereof in writing to the Tenant by the Landlord without correction thereof then having been commenced and thereafter diligently prosecuted, the Landlord may declare the term of this Lease ended and terminated by giving the Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, the Landlord may reenter said premises. The Landlord shall have, in addition to the remedy above provided, any other right to remedy available to the Landlord on account of any Tenant default, either in law or equity. The Landlord shall use reasonable efforts to mitigate its damages.

12. Quiet Possession

The Landlord covenants and warrants that upon performance by the Tenant of its obligations hereunder, the Landlord will keep and maintain the Tenant in exclusive, quiet, peaceable, and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

13. Condemnation

If any legally constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and the Landlord and the Tenant shall account for the rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

14. Notice

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

If to the Landlord to:	If to the Tenant to:
Clallam Transit System 830 West Lauridsen Boulevard Port Angeles, Washington 98363	Clerk's Office, City of Sequim 152 West Cedar Street Sequim, Washington 98382 With separate copy directed to City Attorney

The Landlord and the Tenant shall each have the right from time to time to change the place notice and is to be given under this paragraph, by written notice thereof to the other party.

15. Waiver

No waiver of any default of the Landlord or the Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by the Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term, or condition.

16. Memorandum of Lease

The parties hereto, contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, the Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

17. Headings

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

18. Successors

The provisions of this Lease shall extend to and be binding upon the Landlord and the Tenant and their respective legal representatives, successors, and assigns.

19. Consent

The Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which the Landlord's consent is required or desirable under this Lease.

20. Performance

If there is a default with respect to any of the Landlord' covenants, warranties, or representations under this Lease, and if the default continues more than fifteen (15) calendar days after notice writing from the Tenant to the Landlord specifying the default, the Tenant may, at its options and without affecting any other remedy hereunder, cure such default and deduct the cost thereof from the next accruing installment or installments of rent payable hereunder until the Tenant shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the lesser of twelve percent (12%) per annum or the then highest lawful rate. If the Lease terminates prior to the Tenant's receiving full reimbursement, the Landlord shall pay the unreimbursed balance plus accrued interest to the Tenant on demand.

21. Compliance with Law

The Tenant shall comply with all laws, orders, ordinances, and other public requirements now or hereafter pertaining to the Tenant's use of the Leased Premises. The Landlord shall comply with all laws, orders, ordinances, and other public requirements now and hereafter affecting the Leased Premises.

22. Dispute Resolution

If a dispute arises, each Party will make a good faith effort to resolve issues at the lowest possible level in their respective agencies. If they cannot resolve an issue, they will elevate the issue within their respective chains of command to resolve it. In the event that a dispute arises under this Agreement, it shall be determined by a Dispute Board in the following manner: Each party to this Agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an additional member to the Dispute Board. The Dispute Board shall evaluate the facts, Agreement terms, applicable statutes and rules, and make a determination of the dispute. The determination of the Dispute Board shall be final and binding on both parties. The cost of resolution will be borne as allocated by the Dispute Board. Alternatively, the parties may pursue a third-party dispute resolution as the parties mutually agree to in writing. Each party shall be equally responsible for all costs as a result of the mutual decision to obtain a third-party dispute resolution.

23. Final Agreement

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

24. Special Provisions

A. The City of Sequim agrees to make available to CTS, without charge and on a priority basis over all other users, the meeting rooms located in the Leased Premises for meetings of CTS's governing bodies, committees, and for other CTS purposes.

B. Either upon specific request by one of the parties, or at a minimum on every fifth (5th) anniversary of the executing of this Lease, each of the parties agrees that its governing authority will appoint one representative. This representative shall meet, as needed, to consider performance of each party of the terms of this Lease, and any modifications or alterations of the terms of the Lease proposed by either party. Each party agrees to and in good faith consideration and action upon any sch proposed modification or alteration. Disputes between the parties in regard to such modifications or alterations shall be resolved accordance with the dispute resolution process referenced in section 22 of this Agreement.

In witness thereof, the Parties have executed this Lease as of the day and year first above written.

Landlord

By: _____
Kevin E. Gallacci
Its: General Manager

Tenant

By: _____
Charles P. Bush
Its: City Manager

Approved as to Form:

_____
Kristina Nelson-Gross
City Attorney

Exhibit A: Leased Premises Legal Description
Exhibit B: Map of Leased Premises
Exhibit C: Listing of the City of Sequim's Purchased and Owned Property

EXHIBIT A—Leased Premises Legal Description

LOTS 15, 16, 17 AND 18, BLOCK 1, CENTRAL PLAT OF SEQUIM, ACCORDING TO PLAT THEREOF RECORDED IN VOLUME 3 OF PLATS, PAGE 88, RECORDS OF CLALLAM COUNTY, STATE OF WASHINGTON.
SITUATE IN COUNTY OF CLALLAM, STATE OF WASHINGTON.

Exhibit B – Map of Leased Premises

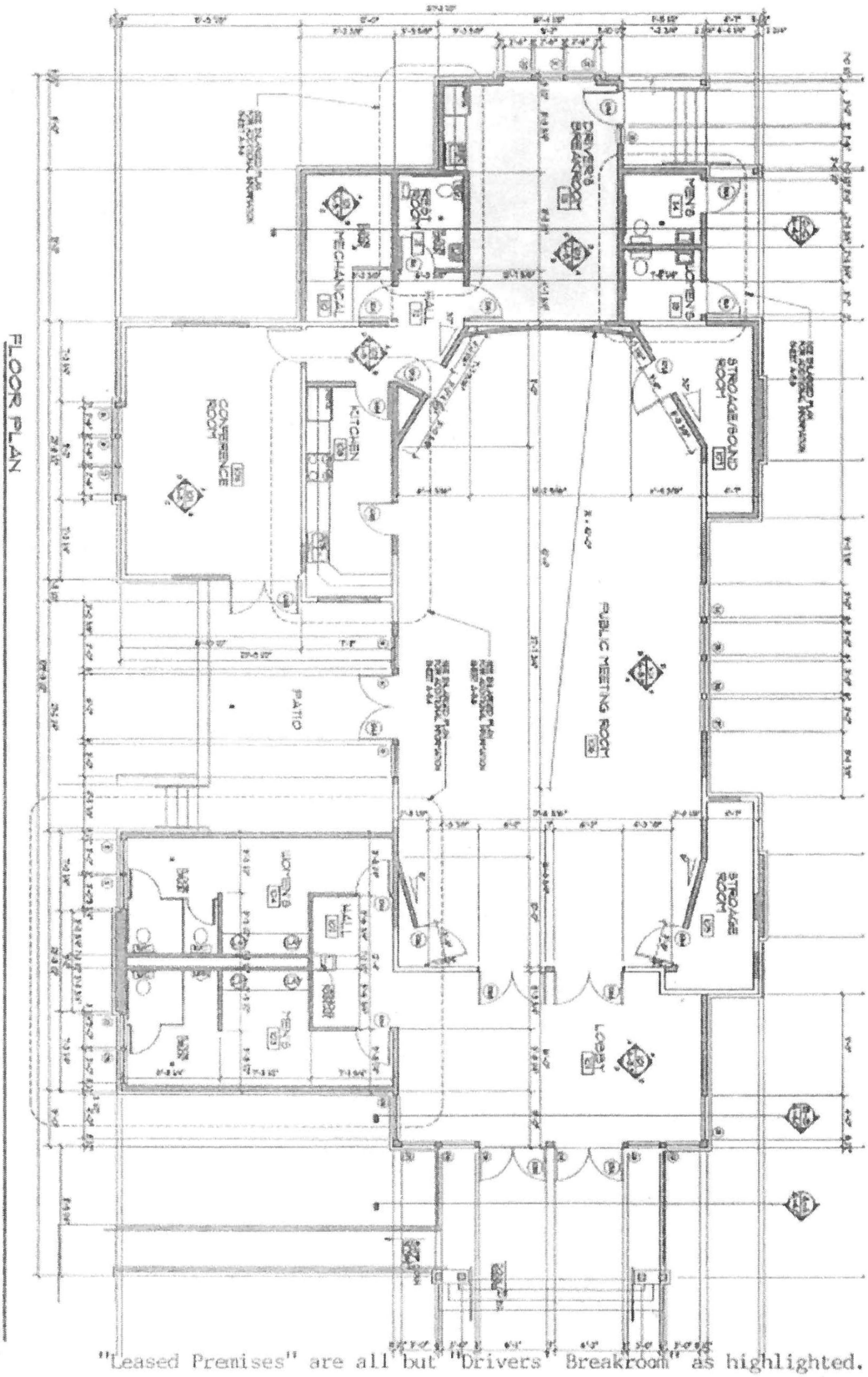


Exhibit C-- Listing of the City of Sequim's Purchased and Owned Property

EOC Equipment Inventory (Communications Room)			
City Owned	QNTY.	ARES/County Owned	QNTY.
Tenma DC Power Strip	1	Astron Power Supply	1
Astron Power Supply (small)	1	AGM Deep Cycle Battery	1
Pyramid Power Supply	1	Power Gate Controller	1
Kenwood TS-480	2	Rig Runner Power Distributer	1
Kenwood TM-281	1		
Kenwood TM V71	1		
Signalink Sound Card	3		
Motorola Family Radio	4		
ICOM IC-A6 Air Craft Radio	1		
Reecom Weather Radio	1		
Baofeng GT-3WP Handheld Radio	4		
Motorola CDM-250 LTAC	2		
Motorola CDM-250 OSCAR	1		
West Marine VHF 585 Marine Radio	1		
Deep Cycle Battery	2		
Rig Runners	2		
Power Gates	2		
Alinco Power Supply	2		
Home Depot Cases	2		
Genesis Series HM-12 Microphone	1		
Balun High Power	1		
Black and Decker Battery Charger	2		
LDG Antenna Tuner	1		
Black Husky Cases	2		
Kenwood TM-D710GA Radio	1		
Solar Power Generator	1		
Linksys WI-FI Modem	1		
DVD Writer	2		
M.R.E. Cases of 12	5		
Mesh Node in Black Case	1		
Shure Microphone	4		
All external antennas except CTS owned antenna serving Driver's Breakroom	various		