

COPY

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into this 9th day of May, 2011 by and between ARLINGTON PUBLIC SCHOOLS, a quasi-municipal corporation (hereinafter "Landlord"), and NORTHWEST EDUCATIONAL SERVICES DISTRICT NO.189/DISCOVERY AND NORTHWEST REGIONAL LEARNING CENTER PROGRAMS, a non-profit political sub-division (hereinafter "Tenant").

FOR AND IN CONSIDERATION of the rents herein reserved and in further consideration of the mutual promises, terms and conditions hereof, the parties hereby agree as follows:

1.0 PREMISES

Landlord sub leases to Tenant a portion in the northeast and south east corners of the building known as "Weston High School" as identified in the floor plan attached hereto as Appendix A, being a part of the building located at 4407 172nd Street NE, Arlington. The parties affirm this lease to be for twenty-three percent (23%) of the facility, based upon an estimated area of 7,100 square feet (3,100 for the Discovery Program and 4,000 for the NRLC). Landlord leases the building know as "Weston High School".

2.0 BUSINESS PURPOSES

The Premises are to be used for the purpose of a school for the developmentally disabled, adjudicated youth, and for no other business or purpose without the written consent of Landlord.

3.0 TERMS AND CONDITIONS

3.1 The initial term of this Lease shall be for approximately thirty-seven (37) months commencing on July 1, 2011 (the "Commencement Date") and terminating at midnight of July 31, 2014. However:

3.1.1 The Lease will be automatically extended each year for an additional year under the same terms and conditions, unless either the Landlord or Tenant provide written notice to the other party of its desire not to extend the Lease by August 1 of the prior year, to permit adequate time for transition planning. This notification date may be extended with prior written agreement of both parties.

3.1.2 Should the Snohomish Discovery and/or Northwest Regional Learning Center (NRLC) Program, which is operated via Interlocal Agreement, be dissolved by the participating school districts, the Tenant may terminate the Lease at the end of the school year cycle (June 30 of that year). Termination of the Lease under this provision shall require advance written notice to the Landlord by March 30. This notification date may be extended with prior written agreement of both parties.

3.1.3 Notwithstanding any other provisions of this Agreement, should the Arlington School Board determine that the premises are required for Arlington Public Schools' needs, the Landlord may terminate the Lease upon twelve (12) months written notice to the Tenant. This notification date may be adjusted/reduced with prior written agreement of both parties.

For example, it is specifically acknowledged that the Landlord may expand its Career and Technical Education program on the Premises which would require the portion of the facility that will house the Tenant's NRLC Program. Should this occur, the Landlord will a) provide written notice to Tenant by July

1 of the prior year, b) assist Tenant is securing suitable portable classrooms for the NRLC Program on the Premises at Tenant's expense, and c) proportionately reduce the rental rate based upon a percentage of cost model delineated in Appendix B. Both parties acknowledge their commitment to collaboratively resolving any such adjustment driven by the Tenant's program needs.

- 3.2 If, during the term of this Lease agreement, the Landlord is unable to provide all the space described in Section 1.0, the rent to the Tenant shall be the agreed upon cost per square foot for the square footage occupied by the Tenant. The monthly billings will reflect this change.
- 3.3 If, during the term of this Lease agreement, the Tenant requests additional square footage than the space described in Section 1.0, the rent to the Tenant shall be the agreed upon cost per square foot for the square footage occupied by the Tenant. The monthly billings will reflect this change.
- 3.4 The Landlord has an interest in participating in the Tenant's program for behaviorally disabled students and possibly sending certain students to the program. It is recognized that by leasing this space, the Landlord has significantly reduced its capacity to mount similar programs using internal resources. Therefore, as part of the consideration from the Tenant to the Landlord, the Tenant agrees that referrals for up to three (3) total concurrent students from the Landlord, if otherwise appropriate, shall not be refused or put on a "waiting list" even if the program is otherwise considered to be full to capacity unless safety cannot be assured for the student(s) or others; however, no more than one "overload" student is to be placed in each age appropriate classroom. The Landlord will be obligated to pay to the Tenant the prevailing charge for each student so placed.

4.0 RENT

- 4.1 Tenant agrees to pay Landlord as rental for the Premises, 1/12th of the annual base rent amount represented on the schedule below in advance on the first day of each calendar month to Landlord at Landlord's office, or at such other place as Landlord may hereafter designate.

Year	Area	Monthly	Yearly Total
2011/12	23% of the facility (Estimated 7,100 sq. ft.)	\$3,673.33	\$44,080
2012/13	23% of the facility (Estimated 7,100 sq. ft.)	\$3,799.00 ¹	\$45,588
2013/14	23% of the facility (Estimated 7,100 sq. ft.)	\$3,925.25	\$47,103

The annual base rent amount shall be based upon an estimate of twenty-three percent (23%) of actual operational costs (lease, utilities, custodial, security system, maintenance, etc.) as presented in Appendix B. As such, the 2011/12 rental amount presented is final and estimates are presented for the subsequent years, based upon a reasonable inflationary factor. The Landlord will provide Tenant with a final actual annual base rent amount, including the application of the methodology presented in Appendix B, by December 1 of each year for the subsequent year.

If the Landlord and Tenant mutually agree, in writing, to adjust the area used by the Tenant, the percentage of the costs used to determine the annual base rent amount would be appropriately adjusted from the initial twenty-three percent (23%).

- 4.2 Tenant acknowledges that late payment of rental or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which would be extremely difficult and impractical to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or deed of trust covering the Premises. Therefore, in the event Tenant should fail to pay any installment of rental or any sum due hereunder after such amount is due, Tenant shall pay as additional rental a late charge equal to five percent (5%) of each such installment rounded and equal to one hundred eighty four dollar (\$184.00) per month for the 2011/12 year.

5.0 UTILITIES, SECURITY, AND SERVICE

- 5.1 During the terms of this Lease, Landlord agrees to cause to be furnished to the Premises during customary business hours and during generally recognized business days the following utilities and services, the cost of which will be paid by the Tenant: (i) electricity, water, gas, garbage collection and sewer service; (ii) heat to such extent and to such levels as, in Landlord's judgment, is reasonably required for the comfortable use and occupancy subject to any limitations imposed by any government agency; and (iii) a security alarm and intrusion alarm system.

These utilities, heat, and alarm provisions will be provided within the base rent, as presented in the annual base rent amount methodology presented in Appendix B. However, any cost for false alarm response(s) due to the action, or inaction, of Tenant, will be billed by the Landlord to the Tenant.

- 5.2 The Tenant will notify the Landlord immediately if damage occurs or maintenance needs to be completed on the Premises. The Landlord will arrange for an approved vendor to service the Tenant's need. The incurred expense(s) will be charged to the Landlord's account and the Tenant will receive the invoice plus an additional ten percent (10%) surcharge that will be added to cover Landlord's processing expenses. The remittance shall be tendered to the Landlord within thirty (30) business days of receipt of invoice.
- 5.3 Tenant shall arrange for all other materials and services not expressly required to be provided and paid by Landlord pursuant to the provisions of paragraph 5.1 above. These would minimally include telephone and internet connectivity.
- 5.4 Landlord shall not be liable for and Tenant shall not be entitled to terminate this Lease or to effectuate any abatement or reduction of rent by reason of Landlord's failure to provide or furnish any of the foregoing utilities or services if such failure was reasonably beyond the control of Landlord. In no event shall Landlord be liable for loss or injury to persons or property, however arising, and/or occurring in connection with or attributable to any failure to furnish such utilities or services even if within the control of Landlord.

6.0 CARE AND REPAIR OF PREMISES

- 6.1 The Tenant will be informed by the Landlord prior to any repairs, improvements, and/or renovations made to the Premises which could reasonably be anticipated to disrupt educational programs, unless said repairs are deemed by Landlord to be an emergency. The Landlord shall be responsible for repairs and maintenance, unless the repair is the result of the Tenant's negligence (normal wear and tear excepted), when the cost shall be at the sole expense of the Tenant.

The Landlord expressly disclaims any representations as to the current condition of the buildings as related to state and local health, building and fire codes or any other code or regulatory requirement for occupancy by Tenant. Landlord, its directors,

officers, employees or agents shall not be liable for any defect in the Premises, whether known or unknown, and Tenant shall indemnify and hold harmless Landlord, its directors, officers, employees or agents from any and all claims, losses, damages of any kind, including attorneys' fees, arising from the care, condition or maintenance of the building.

- 6.2 Tenant will quit the Premises in a condition at least as good as when received, normal wear and tear excepted. In the event Tenant fails to maintain the Premises in good order, condition, and repair, Landlord shall give Tenant notice to do such acts as are reasonably required to so maintain the Premises. In the event Tenant fails to commence such work within ten (10) days of notice and to diligently pursue it to completion, then Landlord shall have the right, at its option and in addition to all other remedies, to do such acts and expend such funds to maintain the Premises and to invoice Tenant for costs incurred. Landlord shall have no liability to Tenant for any damage, inconvenience or interference with the use of the Premises by Tenant as a result of performing any such work.
- 6.4 Landlord and Tenant agree to the representations and indemnifications regarding hazardous materials contained in Appendix C, as stated in Sections 6.1 and 12, and incorporated herein by reference.

7.0 WAIVER OF SUBROGATION

Landlord and Tenant do each herewith and hereby release and relieve the other from responsibility for, and waive their entire claim of recovery for, any loss or damage to the real or personal property of either located anywhere in the Premises, arising out of or incident to the occurrence of any of the perils which are covered by any insurance policy obtained by Tenant or Landlord. Each party shall obtain any special endorsements, if required by its insurer, to evidence compliance with the aforementioned waiver.

8.0 INSURANCE/SUBROGATION

- 8.1 As a condition of this Lease, the Tenant will provide a *Certificate of Coverage* evidencing: Commercial General, Automobile and Errors & Omissions Liability coverage written on an occurrence basis with limits no less than \$5,000,000 combined single limit per occurrence for personal injury, bodily injury and property damage. Landlord shall have the right to cancel the Lease simultaneously with the cancellation of the aforesaid insurance.
- 8.2 It is understood that Landlord has fire insurance on the building, but not on the contents. Insurance of the contents owned or used by Tenant shall be the sole responsibility of Tenant. In the event Tenant's use of the Premises shall cause an increase in the fire insurance rates, Tenant, upon demand by Landlord, shall forthwith reimburse Landlord to the extent of said increase.
- 8.3 The Tenant and Landlord waive all subrogation rights against each other for damages caused by fire or other causes of loss to the extent covered by property insurance applicable to the Premises. The Tenant does not waive the subrogation rights to the extent of its property insurance on structures that do not compromise the Lease.

9.0 ALTERATIONS OR IMPROVEMENTS

Tenant shall not make any alterations, additions, renovations or improvements in or to the Premises without first obtaining the written consent of Landlord. All alterations, additions, renovations and improvements which shall be made shall be at the sole cost and expense of Tenant and shall become a part of the real property and belong to Landlord and shall remain in and be surrendered with the Premises as a part thereof at the termination of this Lease,

unless prior consent to remove the item is given before installation. Tenant further agrees to indemnify and hold Landlord and the Premises free and harmless from, and against, any and all damages, injuries, losses, liens, cost or expenses (including attorneys' fees) incurred, claimed or arising out of said work. Landlord reserves the right to review and approve Tenant's plans, specifications and contractor and, further, Landlord reserves the right to impose such restrictions or conditions upon its consent to the above work including the requirement that Tenant appropriately bond the same, as Landlord may deem reasonably appropriate. Landlord may require lien waivers from all interested contractors or suppliers before consenting to such alterations. Tenant shall require that all contractors have appropriate insurance and name Landlord as an additional insured. Tenant shall provide copies of all certificates of occupancy to Landlord upon issuance. Landlord further reserves the right to make any alterations, additions, or improvements to the Premises which, in Landlord's sole discretion, are necessary or appropriate for the Premises.

The Landlord will be invited to submit a bid for any alterations, additions, renovations or improvements in or to the Premises. The Landlord and Tenant acknowledge the awarding of a contract to perform such work would be provided to the lowest acceptable bidder, as required by Washington statute.

10.0 DAMAGE OR DESTRUCTION

In the event the Premises are partially or wholly destroyed or damaged by fire, earthquake, or other casualty, it shall be optional with Landlord to repair or rebuild the same, and in the meantime the rental shall be abated in the same proportion as the untenable portion of the Premises bears to the whole Premises. Unless Landlord within sixty (60) days after the happening of any such damage or casualty shall notify Tenant of its election to restore said Premises or Building, this Lease shall thereupon terminate. If Landlord does not terminate this Lease, it shall remain in full force and effect. Landlord shall not be required to repair or restore any damage or injury nor replace any equipment, inventory, fixtures or other personal property of Tenant or others located on the Premises. Any proceeds payable to Landlord from insurance policies carried by Landlord and covering the Premises or the Building shall be the sole and exclusive property of Landlord.

11.0 CONDEMNATION

If any part of the Premises or the Building shall be taken or condemned, and a part thereof remains which is susceptible of occupation hereunder, this Lease shall, as to the part so taken, terminate as of the date title shall vest in the condemnor, and the rental payable hereunder shall be adjusted so that Tenant shall be required to pay for the remainder of the term only such portion of such rent as the number of square feet in the part remaining after the condemnation bears to the number of square feet of the entire Premises at the date of condemnation; but in such event Landlord or Tenant shall have the option to terminate this Lease by written notice to Tenant within thirty (30) days of the date when title to the part so condemned vests in the condemnor. If part or all of the Premises or the Building be taken or condemned, all compensation awarded upon such condemnation or taking shall go to Landlord and Tenant shall have no claim thereto, and Tenant hereby irrevocably assigns and transfers to Landlord any right to compensation or damages to which Landlord may be entitled during the term hereof by reason of the condemnation of all or a part of the Premises.

12.0 INDEMNIFICATION/HOLD HARMLESS

12.1 Each party shall defend, indemnify and hold the other party, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of injuries and damages caused by each party's own negligence.

12.2 Landlord shall not be responsible or liable at any time for any loss or damage to Tenant's personal property or to Tenant's business, including any loss or damage to either the person or property of Tenant that may be occasioned by or through the acts or omissions of persons occupying adjacent, connecting, or adjoining space. Tenant shall store its property in and shall use and enjoy the Premises and all other portions of the Building and improvements at its own risk, and hereby releases Landlord, to the full extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage.

13.0 COMPLIANCE WITH LAWS

Tenant shall comply fully with all federal and state statutes and city ordinances now or hereafter in force in respect to the Premises and Tenant's activities therein. Tenant warrants and represents to Landlord that Tenant shall use the Premises only for lawful purposes.

14.0 ACCESS

Landlord shall have the right to inspect the Premises at all reasonable times and enter the same for purposes of cleaning, repairing, altering, improving the Premises or the Building, and for the purpose of storing property in the space retained hereunder by Landlord as storage, but nothing contained in this Lease shall be construed so as to impose any obligation on Landlord to make any repairs, alterations or improvements. Tenant shall not install any new lock or bolt on any door without Landlord's prior written consent. Landlord shall have the right to show the Premises to prospective tenants.

15.0 SIGNS OR ADVERTISING

Tenant shall implement a sign plan for the area using Landlord's standards, and subject to the approval of Landlord, such plan to address parking areas, drop-off zones, restrooms, temporary signing, and closed areas. Tenant may design, construct and install a building entrance sign subject to the approval of Landlord. All signage must be maintained so that it is readable in a good state of repair. Tenant will remove signage specific to Tenant's name or business at the termination of the tenancy herein created and repair any damage or injury to the Premises or the Building caused thereby.

16.0 WASTE AND UNLAWFUL USE

Tenant will not commit or suffer any waste upon the Premises, or disturb the quiet enjoyment of any other occupants of the Building by making or suffering any nuisance, undue or unseemly noise, or otherwise, and will not do or permit to be done in or about the Premises anything which is illegal or unlawful, or which will be dangerous to life or limb, or which will increase any insurance rate upon the Premises or the Building.

17.0 SUCCESSORS

All the covenants, agreements, terms and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors, marital communities and assigns.

18.0 POSSESSION

In the event of the inability of Landlord to deliver possession of the Premises or any portion thereof at the time of the commencement of the term of this Lease, Landlord shall not be liable for any loss or damage caused thereby, nor shall this Lease thereby become void or voidable, nor shall the term herein specified be in any way extended, but in such event Tenant shall not be liable for any rental until such time as Landlord can deliver possession. If Landlord shall deliver possession of the Premises to Tenant prior to the commencement date of this Lease and Tenant agrees to accept the same at such time, both Landlord and Tenant agree to be bound by all the provisions and obligations of this Lease during the prior period, including the payment of rental at the same monthly rate prorated for the prior period.

19.0 TAXES

The rental quoted is exclusive of any sales, business or occupation or other state taxes levied or assessed against Landlord which are based on rents, and should any such taxes apply, or be enacted during this Lease, the rental shall be increased by such amount. Tenant shall pay before delinquency any and all taxes, assessments, license fees and public charges levied, assessed or imposed and which shall become payable during the term of this Lease upon Tenant's fixtures, furniture, and personal property located in the Premises.

20.0 INSOLVENCY

Either (i) the appointment of a receiver to take possession of all or any part of the assets of Tenant, or (ii) the general assignment by Tenant for the benefit of creditors, or (iii) any action taken or suffered by Tenant under any insolvency or bankruptcy act shall, if such appointment, assignment or action continues for a period of thirty (30) days, constitute a breach of this Lease by Tenant, and Landlord may at its election and without notice terminate this Lease and in that event Landlord shall be entitled to immediate possession of the Premises.

21.0 COSTS AND ATTORNEYS' FEES

If, by reason of any default or breach hereunder by Landlord or by Tenant, it becomes necessary to institute suit, the prevailing party in such suit shall be entitled to recover, as part of any judgment, such amount as the court shall determine reasonable as attorneys' fees for the prevailing party in such suit, together with taxable costs.

22.0 NONWAIVER OF BREACH

The failure of Landlord to insist upon strict performance of any of the covenants and agreements of this Lease or to exercise any option herein conferred in any one or more instances shall not be construed to be a waiver or relinquishment of any such or of any other covenant or agreement, but the same shall be and remain in full force and effect.

23.0 REMOVAL OF PROPERTY

In the event of any entry in, or taking possession of, the Premises upon the termination of this Lease, Landlord shall have the right, but not the obligation, to remove from the Premises all personal property located therein, and may store the same in any place selected by Landlord, 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 Tenant, after it has been stored for a period of thirty (30) days or more. The proceeds of such sale shall 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 Tenant to Landlord under any of the terms hereof, with the balance, if any, to be paid to Tenant.

24.0 HOLDOVER

If Tenant shall, without the written consent of Landlord, hold over for an indefinite period of time on a month-to-month tenancy, such tenancy may be terminated as provided by the laws of the State of Washington. During such tenancy, Tenant agrees to pay to Landlord the most recent effective rate of rental as set forth herein, unless a different rate is agreed upon, and to be bound by all the terms, covenants, and conditions as herein specified, so far as applicable.

25.0 ASSIGNMENT

25.1 Tenant shall not transfer, assign, mortgage, or hypothecate this Lease, in whole or in part, or permit the use of the Premises by any person or persons other than Tenant, or sublet the Premises, or any part thereof, without the prior written consent of Landlord in each instance. Such prohibition against assigning or subletting shall include any assignment or subletting by operation of law. Any transfer of this Lease from the Tenant by merger, consolidation, transfer of assets, or liquidation shall constitute an assignment for purposes of this Lease. In the event that Tenant hereunder is a corporation, an unincorporated association, or a partnership, the transfer, assignment, or hypothecation of any stock or interest in such corporation, association, or partnership in the aggregate in excess of twenty percent (20%) shall be deemed an assignment within the meaning of this paragraph.

25.2 Any assignment or subletting without Landlord's consent shall be void, and shall constitute a default hereunder which, at the option of Landlord, shall result in the termination of this Lease or exercise of Landlord's other remedies hereunder. Consent to any assignment or subletting shall not operate as a waiver of the necessity for consent to any subsequent assignment or subletting, and the terms of such consent shall be binding upon any person holding by, under, or through Tenant.

25.3 If this Lease is assigned or if the Premises or any portion thereof are sublet or occupied by any person other than Tenant, Landlord may collect rent and other charges from such assignee or other party and apply the amount collected to the rent and other charges reserved hereunder, but such collection shall not constitute consent or waiver of the necessity of consent to such assignment, subleasing, or other transfer, nor shall such collection constitute the recognition of such assignee, sub-lessee, or other party as Tenant hereunder or a release of Tenant from the further performance of all of the covenants and obligations of Tenant herein contained. In the event that Landlord shall consent to a sublease or assignment hereunder, Tenant shall pay to Landlord a fee equal to ten percent (10%) of one month's rent for expenses incurred in connection with processing of documents necessary to the giving of such consent.

26.0 NOTICES

All notices, statements, demands, requests, consents, approvals, authorization, offers, agreements, appointments, or designations under this Lease by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if sent by certified mail, return receipt requested, postage prepaid, and addressed as follows:

To Tenant, addressed to Northwest Educational Service District 189, 1601 R Avenue, Anacortes, Washington 98221, or to such other place as the Tenant subsequently designates in writing to the Landlord.

To Landlord, address to Landlord at Arlington Public Schools, 315 N French Avenue, Arlington, Washington 98223, or to such other place as Landlord may from time to time designate by notice to Tenant.

27.0 SUBORDINATION

- 27.1 This Lease, at Landlord's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's rights to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rental and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms.
- 27.2 Tenant agrees to execute any documents required to effectuate such subordination or to make this Lease prior to the lien and any ground lease, mortgage, deed of trust, or other security document, as the case may be, or failing to do so within ten (10) days after written demand, to give Landlord the right to terminate this Lease and immediately re-enter the Premises.

28.0 BREACH BY TENANT

In the event that the Tenant defaults in the performance of any of the terms, provisions, covenants and agreements to be kept, observed and performed on the Tenant's part, and such default is not corrected within thirty (30) days after the receipt of notice thereof from the Landlord, or such shorter period as may be reasonable under the circumstances; or if the Tenant shall abandon, desert, vacate or remove from the Premises; then, in such event, the Landlord, at its option at any time thereafter, may terminate this Lease together with all of the estate, right, and title thereby granted to or vested in the Tenant by giving twenty (20) days notice in writing of such election, by certified mail addressed to the Tenant at the address specified in this Lease, and at the expiration of such (20) day period, this Lease and all of the estate, right, title and interest thereby granted to or vested in the Tenant shall then cease and terminate, and the Landlord may re-enter said premises using such force as may be required. Notwithstanding such re-entry by the Landlord and anything to the contrary in this agreement, the liability of the Tenant for the rent provided for herein shall not be extinguished for the balance of the term of this Lease. The Superintendent, Arlington Public Schools, or his/her designee, shall have the right to determine on the Landlord's behalf the existence of any default in performance or other breach or violation of the terms and conditions hereof on the part of the Tenant. In the event of a default by Tenant, Landlord, in addition to other rights or remedies that it may have, shall have the right to either terminate this Lease, relet the Premises or other part thereof for the account and in the name of Tenant or otherwise, for any such term or terms and conditions as Landlord in its sole discretion may deem advisable with the right to make alterations and repairs to the Premises.

Tenant shall pay to Landlord, as soon as ascertained, the costs and expenses incurred by Landlord in such reletting or in making such alterations and repairs. Rentals received by Landlord from such reletting shall be applied: First, to the payment of any indebtedness, other than rental, due hereunder from Tenant to Landlord; second, to the payment of the cost of any alterations and repairs to the Premises necessary to return the Premises to good condition, normal wear and tear excepted, for uses permitted by this Lease and the cost of storing any of Tenant's property left on the Premises at the time of reletting; third, to the payment of rental due and unpaid hereunder and the residue, if any, shall be held by Landlord and applied in payment of future rent or damages in the event of termination as the same may become due and payable hereunder and the balance, if any, at the end of the term of this Lease shall be paid to Tenant. Should such rental received from time to time from such reletting during any month be less than that agreed to be paid during that month

by Tenant hereunder, Tenant shall pay such deficiency to Landlord. Such deficiency shall be calculated and paid monthly.

29.0 VACATING OF PREMISES

Upon termination of this Lease, Tenant shall return the Premises in good order and condition, except for normal wear and tear. On or before the date of termination, Tenant shall have removed all furniture, equipment, supplies, and other materials owned and controlled by Tenant.

30.0 MISCELLANEOUS

- 30.1 The paragraph and section headings hereof are for convenience only and shall not be used to expand or interpret the meaning of any part of this Lease.
- 30.2 If any portion of this Lease shall be deemed void, illegal or unenforceable, the balance of this Lease shall not be affected thereby.
- 30.3 This Lease shall be interpreted under the laws of the State of Washington.
- 30.4 The parties agree that the Superior Court of the State of Washington for Snohomsh County shall have sole jurisdiction over any question, claim, loss or injury arising hereunder.
- 30.5 Tenant acknowledges that except as expressly set forth in this Lease, neither Landlord nor any other person has made any representation or warranty with respect to the Premises or any other portion of the Building. Specifically, but not in limitation of the foregoing, no representation has been made or relied on with respect to the suitability of the Premises or any other portion of the Building for the conduct of Tenant's business.
- 30.6 When applicable, Tenant shall provide all cooking surfaces with hood, vent, and fire suppression systems that have been approved by the Washington Survey & Rating Bureau to issue maximum fire insurance rate credit. In the event the premium for fire insurance on the Premises or the Building is increased as a result of Tenant's failure to install such an approved system, Tenant shall be liable for the increase.
- 30.7 Prior to using any of the cooking equipment presently installed on the Premises, Tenant shall maintain appropriate health permits and provide copies to Landlord.
- 30.8 If Tenant fails to pay, when the same is due and payable, any rent, or other sum required to be paid by Tenant hereunder, such unpaid amounts shall bear interest from the due date thereof to the date of payment at a fluctuating rate equal to the prime rate established from time to time by the Landlord's depository bank. Landlord may elect to make payment of any unpaid amounts required to be made by Tenant hereunder and, upon demand, Tenant shall reimburse Landlord for said amounts together with interest.
- 30.9 Landlord and Tenant shall be excused for the period of any delay in the performance of any obligations hereunder when prevented from so doing by cause or causes beyond Landlord's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or service, or acts of God.
- 30.10 This Lease and the Exhibits, Riders, and/or Addenda, if any, attached hereto, constitute the entire agreement between the parties. All Exhibits, Riders, or Addenda mentioned in this Lease are incorporated herein by reference. Any guaranty attached hereto is an integral part of this Lease and constitutes consideration given to Landlord to enter into this Lease. Any prior conversations or writings are merged herein and extinguished. No subsequent amendment to this Lease shall be binding

upon Landlord or Tenant unless reduced to writing and signed. Submission of this Lease for examination does not constitute an option for the Premises and becomes effective as a lease only upon approval of this Lease by the Arlington School Board and execution and delivery of this Lease by Landlord to Tenant. If any provision contained in a Rider or Addenda is inconsistent with a provision in the body of this Lease, the provision contained in said Rider or Addenda shall control, providing both the Landlord and Tenant have agreed in writing to the Rider or Addenda. The captions and paragraph number appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe, or describe the scope or intent of any paragraph.

- 30.11 It is the intent of both the Landlord and Tenant to comply with the requirements of State and Federal regulations that prohibit discrimination based on sex, race, national origin, age, and/or disability. Failure to do so could result in the loss of State and/or Federal funds.
- 30.12 Landlord reserves the right to change the name of the Building in its sole discretion, without notice or liability to Tenant.
- 30.13 Tenant shall make available to Landlord such records as may be requested by Landlord to monitor compliance with this Agreement, including but not limited to annual reports detailing gross receipts, operating costs, and a description of improvements or investments made, documentation demonstrating compliance with all state and federal regulations concerning food handling, hazardous waste handling policies, inventories and other records required by law, employee, parent and student handbooks, and calendars of events.
- 30.14 Tenant shall be responsible for maintaining a system for handling lost and found items on the Premises and adjacent fields and playgrounds. Landlord shall refer all calls regarding lost and found items to Tenant.
- 30.15 Tobacco use shall not be allowed on the Premises or adjacent fields and playgrounds.
- 30.16 Alcohol, illegal controlled substances, and weapons (including firearms) shall not be allowed on the Premises or adjacent fields and playgrounds. The exception for weapons/firearms would be law enforcement officers in the commission of their work.

31.0 SUSPENSION/DISBARMENT ASSURANCES

The parties to this Lease certify, and each relies thereon in execution of this Lease, that their entity nor its Principals are presently debarred, suspended, proposed for debarment, or declared ineligible, or voluntarily excluded for the award of contracts by any Federal governmental agency or department. "Principals" for the purposes of this certification, mean officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of subsidiary, division, or business segment; and similar positions). Further, each party agrees to provide the other(s) immediate written notice if, at any time during the term of this Lease, including any renewals hereof, it learns that its certification was erroneous when made or has become erroneous by reason of changed circumstances. Each party's certification via the execution of this Lease is a material representation of fact upon which each party has relied in entering into this Agreement. Should either party determine, at any time during this Lease, including any renewals hereof, that this certification is false, or should it become false due to changed circumstances, it may terminate this Lease in accordance with the terms and conditions therein.

IN WITNESS WHEREOF Landlord and Tenant have signed their names the day and year first above written.

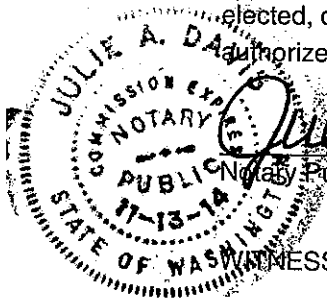
Landlord: ARLINGTON PUBLIC SCHOOLS Tenant: NWESD DISCOVERY & NRLC PROGRAMS

By E. Kristine McDuffy
Dr. E. Kristine McDuffy, Superintendent

By Gerald W. Jenkins
Dr. Gerald W. Jenkins, Superintendent

STATE OF WASHINGTON)
)
COUNTY OF SNOHOMISH) ss.

On this 9th day of May, 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Dr. E. Kristine McDuffy to me known to be the person who signed as Superintendent of Arlington Public Schools, the quasi-municipal corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said quasi-municipal corporation for the uses and purposes therein mentioned, and on oath stated that she was duly elected, qualified and acting as said officer of the quasi-municipal corporation, and that she was authorized to execute said instrument.



Julie A. Davis
Notary Public

Residing in ARLINGTON, WA

My commission expires 11-13-14

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

STATE OF WASHINGTON)
)
COUNTY OF SKAGIT) ss.

On this _____ day of May, 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Dr. Gerald W. Jenkins to me known to be the person who signed as Superintendent of Northwest Educational Services District No. 189 for the Discovery and Northwest Regional Learning Center Programs, the non-profit political sub-division that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said non-profit corporation for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said officer of the non-profit corporation, and that he was authorized to execute said.

Notary Public

Residing in _____

My commission expires _____

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

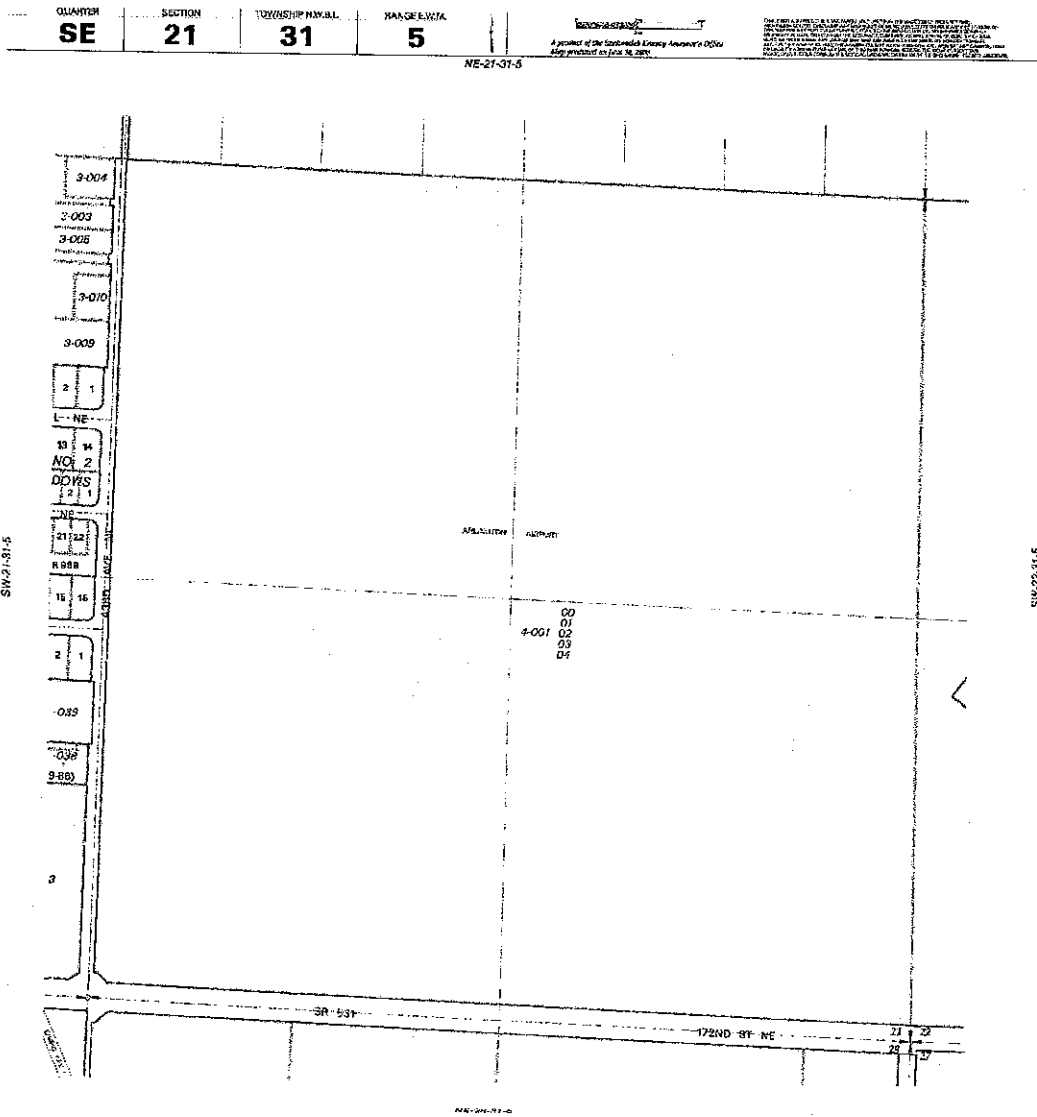
\\sask-staff\dupis\admin\jen y jenkins\super\logatlease\ nwesd-arlington sno disc-nrlc lease /may 11\jv.4 doc

**APPENDIX A; Page 1 of 2
LEGAL DESCRIPTION**

Weston High School
4407 172nd Street NE, Arlington, Washington

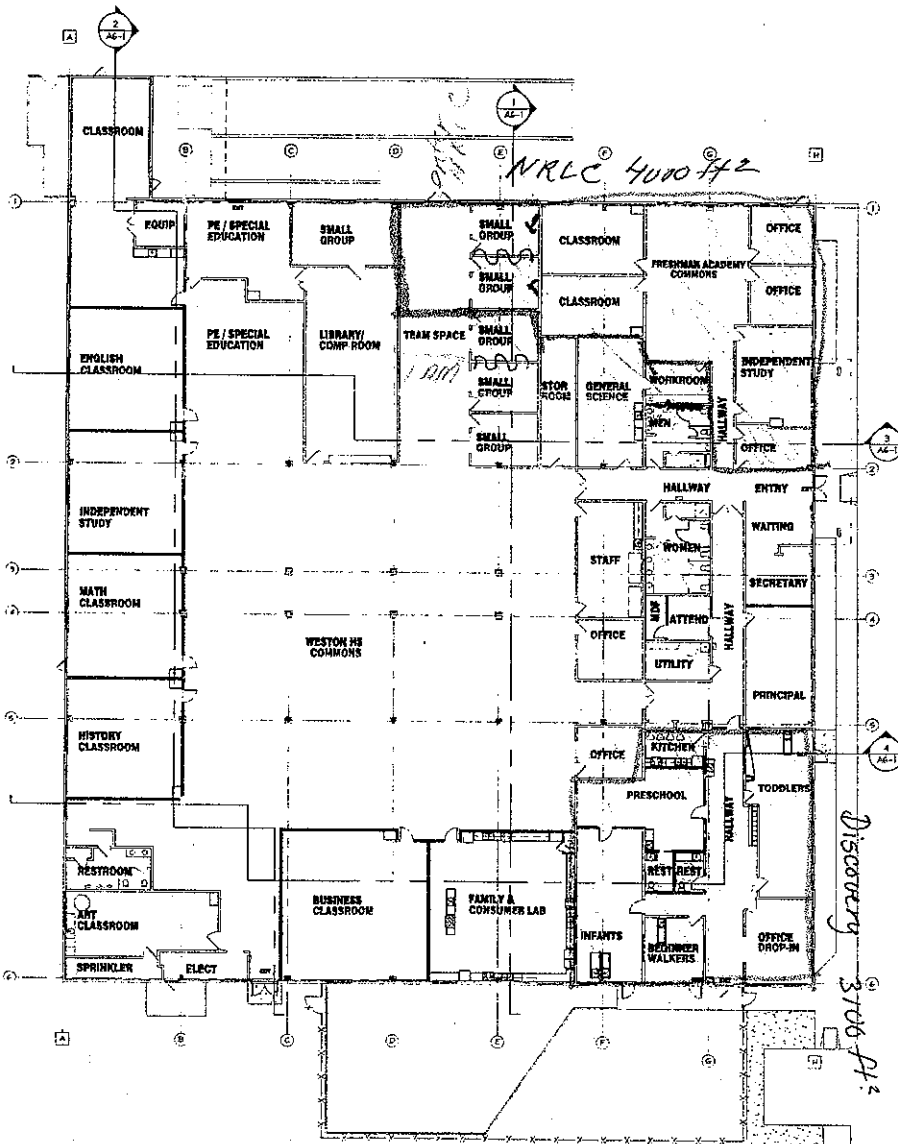
PARCEL # 31052100400100

Section 21 Township 31 Range 05 Quarter SE - SE1/4 LESS S 50FT FOR CO RD PER QCD 462/535
LESS ADDL R/W TO CITY OF ARL PER SWD REC AFN 200810210201 LESS BLDGS ONLY ON
31052100400101, 31052100400102 & 31052100400103

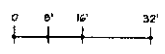


**APPENDIX A; Page 1 of 2
LEGAL DESCRIPTION**

Weston High School
4407 172nd Street NE, Arlington, Washington



2 COORDINATION FLOOR PLAN
SCALE: 1/16"=1'-0"



KEYLINK SCHEDULE

KA	SYN	DESCRIPTION
CDP	----	COMPUTER
ELECT	----	ELECTRICAL
EQUIP	----	EQUIPMENT
HS	----	HIGH SCHOOL
HVAC	----	15000 HEATING, VENTILATION & AIR CONDITIONING
LAB	----	LABORATORY
MDF	----	MEDIA DISTRIBUTION FRAME
PE	----	PHYSICAL EDUCATION
SF	----	SQUARE FOOT/FEET
STOR	----	STORAGE
TYP	----	TYPICAL

KEYLINK NOTES
SEE DRAWING SHEET AQ-3 FOR KEYLINK NOTES

GENERAL NOTES
REFER TO A2-3 & A4-3 FOR ALTERNATES # 1 & 2 PLAN LAYOUTS

**APPENDIX B
LEASE RATE CALCULATION METHOD**

Weston High School

	<u>Current</u>	<u>% of Area</u>	<u>Estimated Added Use</u>	<u>2010-11</u>	<u>Actual 2011-12</u>	<u>Estimated 2012-13</u>	<u>Estimated 2013-14</u>
Lease	\$82,456	23%		\$18,904	\$20,038	\$21,173	\$22,307
Electricity:	\$16,445	23%	\$600.00	\$4,370	\$4,414	\$4,458	\$4,503
Natl. Gas	\$5,757	23%	\$100.00	\$1,420	\$1,434	\$1,448	\$1,463
Water and Sewer	\$3,240		\$1,620.00	\$1,620	\$1,636	\$1,653	\$1,669
Custodian	\$57,139	23%		\$13,100	\$13,362	\$13,629	\$13,902
Garbage/Recycling (est.)	\$1,014		\$506.86	\$507	\$512	\$517	\$522
Sonitrol (est.)	\$1,122	23%		\$257	\$260	\$262	\$265
Maintenance			\$2,400.00	\$2,400	\$2,424	\$2,448	\$2,473
				\$42,578	\$44,080	\$45,588	\$47,103
					2 year Average:	\$44,834	
						3 year Average:	\$45,590

Assumptions:

1. Increased Garbage, Water and Sewer cost are based on 55 additional FTE
2. Lease increases are per the current City Council approved 2010-2014 lease rate schedule
3. Electricity, Gas, Garbage, Sonitrol, Water and Maintenance cost are estimated to increase 1%/yr.
4. Custodial costs are estimated to increase 2%/yr.

**APPENDIX C
HAZARDOUS MATERIALS NOTIFICATION**

Weston High School
4407 172nd Street NE, Arlington, Washington

The Landlord presents the following disclosures regarding hazardous materials on the premises, including lead-based paints:

Presence of lead-based paint or lead-based paint hazards (check one below):

Known lead-based paint and/or lead-based paint hazards are present in the housing explain): _____

Lessor has no knowledge of lead-base paint and/or lead-based paint hazards in the housing.

Other known hazardous materials (attach additional pages if necessary):

The Tenant shall (a) not use, receive, sell, treat, store, and/or dispose of any Hazardous Materials (as defined below) in, on, above, under, about or at the Demised Premises or the common areas except (i) in the ordinary course of Tenant's business, and (ii) in compliance with the Environmental Laws, herein defined, provided, however, Tenant shall not in any event use, receive, sell, treat, store or dispose of any Hazardous Materials which would cause the market value of the Demised Premises to depreciate; (b) not engage in any activity in, on, above, under, about or at the Demised Premises that will result in any Hazardous Materials Contamination (as defined below) to or from the Demised Premises or the common areas or would cause depreciation in the market value of the Demised Premises; (c) immediately notify Landlord upon learning that any of the above-described activities or events have taken place, with a complete description thereof; (d) immediately notify Landlord upon learning of any Hazardous Materials Contamination present in, on, under, about or emanating from the Demised Premises; (e) comply with all laws requiring the removal, treatment, remediation or disposal of any Hazardous Materials or any Hazardous Materials Contamination caused, in whole or in part, by Tenant from and after the Commencement Date (or, if applicable, from the time Tenant enters the Demised Premises), and provide Landlord with satisfactory evidence of such compliance; (f) provide Landlord, within thirty (30) days after Tenant gives the notice described in subparagraph (c) or (d) above, with a bond, letter of credit or similar financial assurance (i) evidencing to Landlord's satisfaction that the necessary funds are available to pay the cost of removing, treating, remediating and disposing any Hazardous Materials or any Hazardous Materials Contamination caused, in whole or in part, by Tenant (ii) discharging any lien which may be established on the Demised Premises as a result thereof; and (g) defend, indemnify and hold harmless Landlord and its mortgagee, if any, from any and all claims which may be asserted as a result of the presence of any Hazardous Materials or any Hazardous Materials Contamination on the Demised Premises after the Commencement Date. The term "Hazardous Materials" means any substance, material, waste or related material which is defined as or included in the definition of "hazardous substances," "hazardous wastes," "infectious wastes," "hazardous materials," or otherwise regulated now or subsequently, under any federal, state or local law, regulation or ordinance (the "Environmental Laws"). The term "Hazardous Materials Contamination" means the contamination of buildings, equipment, facilities, soil, water, ground water or air as a result of any Hazardous Materials at any time present at or emanating from the Demised Premises.