

LEASE AGREEMENT

THIS LEASE AGREEMENT (“**Lease**”) is made this ____ day of _____, 2014, (the “Effective Date”) by and between Northshore School District No. 417, a Washington school district (“Lessee”) and International Church of the Foursquare Gospel, a California corporation d/b/a Bothell Eastside Foursquare Church (“Lessor”).

1. **PREMISES.** Lessor does hereby lease to Lessee those certain premises, to wit: that certain area depicted in the floor plan attached hereto as **Exhibit A**, being an approximately 1,019 square foot portion of the building located at 14520 – 100th Ave. NE, Bothell, Washington 98011, which property is legally described in **Exhibit B** (hereafter the portion of the aforementioned building being leased is called the “**Premises**” and the entire building and property legally described in Exhibit B shall be called the “**Building**” and the “**Property**,” respectively). The Lessee shall also have certain exclusive parking rights as more fully described in Section 6 and the attached **Exhibit C** together with a nonexclusive right, during the days and hours of this Lease, to use the Access Route and Common Areas identified in the attached **Exhibit D**, as may from time to time be constituted or amended by Lessor, and such use to be in common with Lessor and all other occupants of the Building, as well as their employees, agents, customers and invitees. Lessor reserves the right to make at any time reasonable changes that may minimally reduce the size of the Common Areas, and to establish or amend rules and regulations for the use of the Common Areas and related grounds, as may be deemed necessary or desirable by Lessor. Such changes shall be considered to be reasonable so long as they do not substantially conflict with any specific terms in this Lease regarding Common Areas, do not materially impact Lessee’s quiet enjoyment and use of the Premises and its ability to reasonably conduct its school operations at the Premises, or result in any additional cost to Lessee.

2. **TERM.**

A. This Lease shall be for a term of five (5) years (the “**Term**”) for the spaces, dates and times as follows, commencing on August 15th, 2014 (the “**Commencement Date**”):

Classroom(s):

August 15th, 2014 through June 30th, 2015 (10.5 months)

August 15th, 2015 through June 30th, 2016 (10.5 months)

August 15th, 2016 through June 30th, 2017 (10.5 months)

August 15th, 2017 through June 30th, 2018 (10.5 months)

August 15th, 2018 through June 30th, 2019 (10.5 months)

B. Option for Additional Space. Lessee shall have the option to lease up to an additional 1,172 square feet of classroom area identified in **Exhibit A** area and located within the Building(the "Additional Classroom Space"). Lessee can exercise such option only by providing written notice to Lessor on or before that date which is sixty days following the Effective Date of this Lease. The Rent for leasing area within this Additional Classroom Space shall be increased pursuant to the amount set forth in Section 5.B (Rent). If the option for Additional Classroom Space is duly exercised, then Lessee's obligations concerning this space shall otherwise be subject to all of the terms and conditions as set forth in this Lease, and the term for such space shall expire at the Expiration Date.

C. Early Termination. Lessee shall have the right, in Lessee's sole discretion, to terminate the Lease upon written prior notice of six (6) months; provided that, if the circumstances described in Section 37 should arise, then termination shall be governed as set forth therein.

3. POSSESSION AND CO-USE OF THE PREMISES.

A. Lessee's Move-in and Exclusive Possession of Premises. Lessor shall turn over the Premises to Lessee, for purposes of Lessee commencing move-in related activities, no later than fifteen days prior to the Commencement Date. Thereafter, Lessor shall turn over the Premises to Lessee by August 15th of each year following the Commencement Date. During the term of this lease as set forth in Section 2, Lessee shall have exclusive possession and use of the Premises from 6:00 AM to 6:00 PM on Monday through Friday, but excluding weekends and school holidays. During the days and hours when Lessee does not have exclusive possession and use of the Premises, Lessor may make co-use the Premises pursuant to the terms and conditions set forth in section 3.B.

B. Lessor's Right to Co-Use Premises During Times of Non-Exclusive Possession by Lessee. Between the times of 5:01 p.m. and 5:59 a.m. on weekdays, and during all hours on weekends and school holidays, Lessor may also have co-use of the Premises. During the days between July 1 through August 14th of each year beginning in year 2015, Lessor will also have the right to exclusive possession and use of the Premises during those dates. Any use or co-use of the Premises by Lessor during the term of this Lease shall be subject, however, to the terms and conditions set forth in Section 3.C of this Lease.

C. Terms and Conditions for Lessor's Use of the Premises. Lessor's shared usage and exclusive usage rights to the Premises shall be subject to the following terms and conditions:

(i) Lessor shall be solely responsible for its use or co-use of the Premises, or any portion of the Premises, by its employees, agents and invitees. Lessor's right to use or co-use the Premises during the dates and times described in Section 3.B shall be for Lessor's use and no others. Lessor may not assign its rights in this regard to any other person or entity; provided that, any entity which Lessor controls, is controlled by or is under common control with Lessor, shall for purposes of this subsection (i) be considered the Lessor.

(ii) Any damage or theft of Lessee's property that occurs during Lessor's use or co-use of the Premises shall be the responsibility of Lessor to promptly repair or compensate Lessee or its invitees.

(iii) At the conclusion of any use or co-use of the Premises by Lessor, and in any event prior to any use of the classrooms by Lessee, Lessor shall promptly return the area(s) in the Premises it had occupied and used, to the same condition it was in prior to Lessor's usage. No signs, pictures, writings or other personal items of any kind that were brought in by Lessor's employees, agents or invitees, shall remain within the Premises at the conclusion of Lessor's use or co-use.

(iv) Lessor shall be responsible for security of the entire Premises during the times of Lessor's usage of some or all of the Premises. Lessor shall be responsible for locking all exterior and classroom doors when it's usage ends for the day or evening, as the case may be.

(v) In regards to any use of co-use of the Premises by Lessor, Lessor shall be responsible for indemnifying Lessee as set forth more fully in Section 18.D of this Lease.

D. No Lessee Access During Co-Use Period. During the period of non-exclusive possession (6:01 PM to 5:59 AM weekdays, and all weekends and school holidays), Lessee's non-exclusive right of use means storage of Lessee's personal property and the restrictions on Lessor contained in Section 3.C above. Lessee will not have access to the Premises, the Building, or the Common Areas.

4. COMMON AREAS/ACCESS ROUTE/SIGNAGE. No later than June 1, 2014, authorized representatives of the parties will meet at the Building to discuss how to minimize the display of sectarian related images, signs or displays, whether temporary or permanent, during all times that Lessee's school is in session, Monday through Friday, in the Premises, Common Areas, or Access Route, and shall negotiate in good faith a specific plan to minimize the display of such images, it being recognized that the Access Route includes Lessor's main entrance and information desk, which cannot be fully concealed. In the event the parties are unable to agree upon a plan by June 1, 2014, Lessee may terminate this Lease. The agreed upon plan will become Exhibit E to this lease. Lessee shall be permitted, subject to Lessor's approval, to locate removable sign(s) on or near the classroom door(s) in order to prominently identify the classroom(s) as Lessee's. During the times of any co-use by Lessor, Lessor shall be responsible for taking the signs down prior to such co-use, and re-installing them at the conclusion of any daily or weekend co-use.

5. RENT. There will be no security deposit. Lessee covenants and agrees to pay Lessor at P.O. Box 1439, Bothell, WA 98041-1439, or to such other party or at such other place as Lessor may hereafter designate with at least 30 days prior written notice to Lessee, a Base Monthly Rent referred to herein as "Rent," plus amounts due for any property taxes as they accrue, referred to as "Additional Rent."

A. Rent. Rent shall be due in advance without offset or deduction (except as otherwise set forth herein). When Rent is due, as set forth below, it shall be due on or before the fifth (5th) day of each month, except for the payment and due dates as set forth specifically below. The amount due as Rent throughout the Term of this Lease shall be calculated as follows:

<u>Period</u>	<u>Rent</u>
8/15/2014 to 06/30/2015	\$1,019.00 per month
8/15/2015 to 6/30/2016	\$1,069.95 per month
8/15/2016 to 6/30/2017	\$1,123.45 per month
8/15/2017 to 6/30/2018	\$1,179.62 per month
8/15/2018 to 6/30/2019	\$1,238.60 per month

B. Rent Applicable if Option for Additional Classroom Space Is Exercised. If Lessee elects to exercise its option for the Additional Classroom Space as set forth in Section 2.C of this Lease, then the rent calculation set forth in Section 5.A shall not apply, and the following amount of Rent will be due as follows:

<u>Period</u>	<u>Rent</u>
8/15/2014 to 06/30/2015	\$2,191.00.00 per month
8/15/2015 to 6/30/2016	\$2,300.55 per month
8/15/2016 to 6/30/2017	\$2,415.58 per month
8/15/2017 to 6/30/2018	\$2,536.36 per month
8/15/2018 to 6/30/2019	\$2,663.18 per month

C. Rent shall be prorated for any partial month of the Lease term.

6. PARKING. Lessee shall have the exclusive right to use the 5 parking spaces/areas shown on Exhibit C during the Term of this Lease. Such spaces shall be separately labeled by Lessor as parking space for “Northshore School District during the hours of school operation”

7. USE. Lessee shall be entitled to use the Premises for elementary school purposes including but not limited to classroom teaching.

8. MAINTENANCE.

A. Lessor shall deliver the Premises to the Lessee in "as is" condition, and shall have no obligations to make any improvements to the Premises, except as expressly set forth elsewhere in this Lease.

B. If any part of the Premises or Common Areas are damaged by any act or omission of Lessee or its guests or invitees, then Lessee shall pay Lessor the cost of repairing or replacing such damaged property, whether or not Lessor would otherwise be obligated to pay the cost of maintaining or repairing such property.

Lessee shall fulfill all of Lessee's obligations under this Section 8.B at Lessee's sole expense. If Lessee fails to maintain or repair the Premises as required by this Section 8.B, then Lessor may upon thirty (30) days prior notice to Lessee (except no notice shall be required in the case of an emergency), enter the Premises and perform such maintenance or repair on behalf of Lessee. In such case, Lessee shall reimburse Lessor for all costs incurred in performing such maintenance or repair. It is the intention of Lessor and Lessee that at all times Lessee shall maintain the items which Lessee is obligated to maintain under this Lease in an attractive, first-class and fully operative condition.

C. Lessor shall, at its cost and expense, provide janitorial service to the Premises five days per week, and shall replace all glass and panels in windows and doors of the Premises which become cracked, broken or damaged, provided, however, any damage to windows or doors to the Premises caused by the use of Lessee or its guests or invitees will be at Lessee's expense. Lessor shall, at its cost and expense, maintain: (i) the exterior walls or other structural components of the Building, including but not limited to the foundation, slab, floor, roof, roof systems and components, exterior walls, gutters, downspouts, windows and frames; (ii) all utilities and utility installations serving the Premises (other than internet access); (iii) the Common Areas, including but not limited to the removal of ice and snow from entries and the Lessee's parking areas immediately adjacent to the Premises; and (iv) the driveway and parking area portions of the Common Areas; all in good order and repair and Lessor shall make all repairs and replacements, both ordinary and extraordinary and both structural and nonstructural, as may become necessary during the Lease term. It is the intention of Lessor and Lessee that at all times Lessor shall maintain the items which Lessor is obligated to maintain under this Lease in an attractive and fully operative condition.

Lessor shall proceed diligently to perform its obligations, and at the least within thirty (30) days of written notice of the need therefor; provided if such work reasonably takes longer than thirty (30) days to complete, Lessor shall not be in default hereunder if Lessor has commenced performance within the thirty (30) day period and at all time thereafter proceeds diligently to complete its obligations. Notwithstanding the foregoing, Lessor hereby agrees to perform any obligation it has agreed to incur hereunder as soon as possible in the event of an "emergency," defined as an event which threatens the safety and/or well-being of the occupants of the Premises, or which prevents Lessee from continuing ongoing operations (in Lessee's sole reasonable opinion).

D. As a church, Lessor is exempt from Title III of the Americans with Disabilities Act and is not a place of public accommodation under Washington State law. Therefore, Lessor makes no representations or warranties that the Premises, Common Areas, or Access Routes comply with local, municipal, state and federal codes (including but not limited to the Americans with Disabilities Act), laws or regulations, and such areas are leased "as is." In the event Lessee's use requires improvements, modifications, or additions to the Premises, Common Areas, or Access

Routes, such improvements, modifications, or additions shall be at Lessee's expense and subject to Lessor's approval (not to be unreasonably withheld, conditioned, or delayed). Alternatively, Lessee may terminate this lease.

9. UTILITIES, TAXES AND FEES. Lessor shall cause the Premises to be served by standard utility services, excluding internet and telephone access. If there is an interruption in utility services caused by the actions or unreasonable inaction of Lessor, its officers, agents, employees, contractors, or servants which lasts for greater than forty-eight (48) hours, and if Lessee is unable to reasonably conduct its ongoing operations in the Premises (in Lessee's sole reasonable discretion) during such interruption, the Rent due hereunder shall be abated in full until service is fully restored, and should such interruption continue for a period in excess of ten (10) consecutive days, Lessee may terminate this Lease with written notice to Lessor; provided that, in the event that Lessor provides written notice disputing any such obligation owed by Lessor concerning an interruption in utility service(s), then Lessee shall not be entitled to abatement of Rent, but may otherwise pursue any other remedies as may be provided by law and the terms of this Lease.

10. PROPERTY TAXES/ASSESSMENTS. Lessor is exempt from real property taxes as a church under RCW 84.36.020. The lease is in furtherance of Lessor's purposes by providing a benefit to the community. Nevertheless, in the event of assessment of real property taxes arising or related to Lessee's use of the Property, Lessee will be responsible for such taxes.

11. LESSOR'S RESERVATIONS. Lessor reserves the right without liability to Lessee and with 24 hours prior notice to Lessee (except in the case of emergency): (a) to inspect the Premises during weekends and between June 30th and August 14th of each year, to show them to prospective tenants, and if they are vacated, to prepare them for re-occupancy; (b) to retain at all times and to use in appropriate instances keys to doors into the Premises (but not keys to designated secured areas); (c) to make any repairs, alterations, additions or improvements, whether structural or otherwise, in or about the Building which are the responsibility of Lessor under this Lease, and for such purposes to enter upon the Premises and during the continuance of any work so long as during all such times Lessee's operations are not interfered with; and (d) generally to perform any act relating to the safety, protection and preservation of the Premises or the Building. Lessor shall not enter into any covenants or other agreements, nor alter or make any changes, modifications, alterations or improvements to the Premises or Common Areas that materially interfere with Lessee's use of the Premises.

12. POSSESSION. Lessee shall be entitled to possession of the Premises upon the Commencement Date, subject to the terms set forth in Section 3.A regarding any move-in times prior to the Commencement Date and prior to August 15th of every year thereafter.

13. ASSIGNMENT AND SUBLETTING. Lessee is not permitted to assign or sublet any portion of the Premises or other rights conferred by this lease.

14. ALTERATIONS. Lessee shall have the right to make additional improvements to the Premises (Lessee's TI Work), at Lessee's expense and subject to Lessor's written approval, which approval will not be unreasonably withheld, conditioned or delayed. At Lessor's option,

Lessee will remove all of Lessee's TI Work at the end of the Lease and return the Premises in original condition, reasonable wear and tear excepted.

15. LIENS. Lessee shall keep the Premises free from any liens arising out of any work performed, materials furnished, equipment supplied, or obligations incurred by or on behalf of Lessee. No work performed, material furnished, equipment supplied or obligations incurred by or on behalf of Lessee shall be deemed to be for the immediate use and benefit of Lessor so that no mechanic's lien or other lien shall be allowed against Lessor's estate in the Premises. Lessee shall provide, at Lessee's own cost, a waiver of lien signed by any party (including Lessee) who commences to perform work, furnish materials, or supply equipment to the Premises. Lessor does not authorize or consent to the performance of any work, furnishing of material or supply of equipment incurred by or on behalf of Lessee prior to Lessee providing Lessor with the signed waiver of lien referred to above.

16. SIGNS. Lessee shall not be permitted any signage on the Property or the Building except as permitted by Sections 4 and 6.

17. INSURANCE.

A. Lessee shall pay for and maintain, during the entire term of this Lease and its occupancy of the Premises, the following policies of insurance:

(i) Commercial general liability insurance, including products, completed operations coverage, contractual liability, and auto liability insurance covering Lessee's operations and the Premises including but not limited to coverage for personal injuries with limits of not less than \$3,000,000 combined single limit for death, personal injury, and property damage, per occurrence, including Lessor as an additional insured. The parties recognize that Lessee is part of a risk sharing pool with other public entities and does not intend to obtain conventional insurance. Such risk pool does not permit Lessor to be named as an additional insured.

(ii) All risks property insurance covering Lessee's personal property kept on or about the Premises with such coverages and in such amounts as Lessee shall reasonably determine.

B. Each policy provided by Lessee shall expressly provide that it shall not be subject to cancellation or material adverse change without at least thirty (30) days prior written notice to the Lessor. Lessee shall furnish Lessor, prior to commencement of the Lease, with insurance certificates, and shall supply such certificates thereafter upon receipt of written request therefor.

18. INDEMNITY AGAINST LIABILITY FOR LOSS OR DAMAGE

A. Except to the extent due to the gross negligence or willful misconduct of Lessor or its employees, agents or contractors, or Lessor's failure to perform its obligations hereunder, Lessee assumes all liability for and shall indemnify, hold harmless and defend Lessor from and against all loss, damage or expense which the Lessor sustains or incurs, and against any and all claims, demands, suits and actions whatsoever, including expense of investigation and litigation, arising out of or related to:

(i) The acts or negligence of Lessee or any contractor, subcontractor, or agent of Lessee or their respective employees;

(ii) The condition, use or operation of the Premises and/or materials or substances used by Lessee or any of its contractors, subcontractors or agents of Lessee or by their respective employees, regardless of whether or not furnished by Lessor under this Lease or otherwise but excluding material or substances used by Lessor in the construction of the Premises;

(iii) Any damage or injury to persons or property arising out of Lessee's breach of this Lease, including, but not limited to, obligations of Lessee under Section 8.B, Maintenance.

(iv) The use of the Premises, Common Areas, Property, and Access Route by Lessee or its guests or invitees.

B. Lessor shall have no liability to Lessee as a result of loss or damage to Lessee's property or for death or bodily injury caused by the acts or omissions by third parties (including criminal acts) except to the extent due to the negligence or willful misconduct of Lessor or its employees, agents or contractors, or Lessor's failure to perform its obligations hereunder.

C. The duty to indemnify and defend Lessor from any claim is specifically and expressly intended to constitute a full and complete waiver of the Lessee's immunity, including without limitation under Washington's Industrial Insurance Act, Chapter 51 RCW, as respects Lessor only, and only to the extent necessary to provide Lessor with a full and complete indemnity and defense of claims. The parties acknowledge that these provisions were mutually negotiated and agreed upon by them.

D. Lessor agrees to protect, defend, indemnify, and hold Lessee harmless from and against any and all liabilities, claims, expenses, losses and damages (including reasonable attorney fees and costs), injury to person or property, and suits and any actions whatsoever that may at any time be asserted against Lessee by any person solely as a result of the gross negligence or willful misconduct of Lessor or its employees, agents or invitees in on or about the Premises, or the Property or Lessor's failure to perform its Lease obligations.

E. It is mutually understood and agreed that the assumption of liabilities and indemnification provided for in this Section 18 shall survive any termination of this Lease.

F. Should any claim, liability, loss or cause of action arise on account of which both Lessee is required to indemnify Lessor under subsection 18.A and Lessor is required to indemnify Lessee under subsection 18.D, the same shall be apportioned between Lessee and Lessor in accordance with the degrees of respective fault of Lessee (and its employees, agents or contractors) and Lessor (and its employees, agents or contractors)

19. DAMAGE OR DESTRUCTION. If the Premises or the building in which the Premises are located shall be damaged or destroyed by fire, flood, earthquake, windstorm, the elements, accident, war, riot, public disorder, acts authorized or unauthorized by the government or any other cause or happening or other casualty, Lessor shall give Lessee written notice of its reasonable estimate of how long it will take to completely restore the Premises within 30 days of

the date of the damage, and shall have the option either (a) to repair or rebuild at its sole cost and expense within one hundred twenty (120) days, or (b) not to repair or rebuild, and to cancel this Lease on thirty (30) days notice if such repairs cost in excess of 50% of the full replacement cost of the Premises or would take longer than 120 days to complete. If Lessor fails to give Lessee written notice of its election within thirty (30) days from the date of damage, or if the restoration of the Premises cannot be completed within one hundred twenty (120) days from date of notice, Lessee may cancel this Lease at its option on thirty (30) days notice. If the Lease is not terminated, but the restoration is not completed within such 120 day period, or if at any time during such 120 day period it is deemed by an expert outside party with sufficient knowledge to make such determination, that the 120 day restoration deadline cannot reasonably be met, Lessee may, at its sole option, elect to terminate this Lease with written notice to Lessor. During the period of restoration, Rent shall abate in the same ratio as the portion of the Premises Lessee is unable to use bears to the whole of the Premises; provided that if the damage is due to the fault or neglect of Lessee, there shall be no abatement of Rent.

20. EMINENT DOMAIN. If the whole of the Premises shall be taken by any public authority under the power of eminent domain, or purchased by the condemnor in lieu thereof, then the term of this Lease shall cease as of the date vacated by Lessee, but not greater than 90 days prior to the date that possession is to be taken by such public authority. If only part of the Premises shall be so taken, the Lease shall terminate only as to the portion taken, and shall continue in full force and effect as to the remainder of said Premises, and the Rent shall be reduced proportionately; provided, however, if such partial taking materially interferes with Lessee's ability to use the Premises as intended, Lessee may elect to terminate this Lease with written notice to Lessor given at any time up to 30 days prior to the date such partial-possession must be surrendered to the public authority, although Lessee agrees to make its best efforts to provide Lessor with as much advance notice of its intentions as is reasonable under such circumstances. In the event of any taking, whether whole or partial, Lessor shall be entitled to all awards, settlements, or compensation which may be given for the land and buildings; provided, however, that Lessor shall not be entitled to any portion of the award for loss of business, fixture removal damages and for unamortized cost of NRTI Work, as herein defined, made in and to the Premises. Lessee shall have no claim against Lessor for the value of any unexpired term of this Lease.

21. DEFAULT AND RE-ENTRY.

A. If Lessee fails to keep or perform any of the covenants and agreements herein contained, then the same shall constitute a breach hereof, and if Lessee has not: (i) remedied such breach within ten (10) days after written notice thereof from Lessor if the breach is non-payment of Rent or other charges; or (ii) has not commenced the remedy of such breach within thirty (30) days after written notice thereof from Lessor, and thereafter diligently pursued such remedy to completion in the event of the breach of any other covenant; then Lessor may, at its option, without further notice or demand:

(i) Cure such breach for the account and at the expense of Lessee and such expense shall be deemed Additional Rent due within 30 days after Lessee's receipt of written demand therefore (including copies of all receipts); or

(ii) Re-enter the Premises, take possession of the Premises and require Lessee to remove all of its personal property from the Premises at its own expense and immediately terminate this Lease and require immediate vacation of the Premises by Lessee at Lessee's risk and expense.

In either event, any moneys received from Lessee and any deposit or other amounts held by Lessor may first be applied by Lessor to any damages suffered by Lessor as a result of such default, including without limitation, costs and expenses incurred on re-entry and re-letting, any unamortized tenant improvements and commissions, cleaning, necessary repairs, restoration and alteration, and any commissions incurred on re-letting, and the balance of such amounts may be applied toward payment of other sums due to Lessor hereunder. Upon termination of this Lease or of Lessee's right to possession as a result of Lessee's breach, Lessor has the right to recover from Lessee: (1) The worth of the unpaid Rent that had been earned at the time of such termination; (2) The worth of the amount of the unpaid rent that would have been earned for the six month period after the date of such termination; and (3) Any other amount, including court, attorney and collection costs, necessary to compensate Lessor. "The worth," as used in Section (1) is to be computed as allowing interest at twelve percent (12%) per year. "The worth" as used for Section (2) is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of termination. The above remedies of Lessor are cumulative and in addition to any other remedies now or hereafter allowed by law or elsewhere provided for in this Lease.

B. Lessor shall be in default hereunder if it fails to perform any material covenant, agreement, or obligation as set forth in this Lease ("a Lessor Default"), which failure continues for thirty (30) days after Lessor's receipt of written notice thereof from Lessee, or such shorter period if specifically set forth in this Lease; provided that, if such cure reasonably takes longer than thirty (30) days to make, Lessor shall not be in default hereunder if it has commenced such cure within the thirty (30) day period and at all time thereafter proceeds diligently to complete such cure. Notwithstanding the foregoing, a Lessor Default shall include the failure or refusal of Lessor to perform any obligation it has agreed to incur hereunder as soon as possible in the event of an "emergency," defined as an event which threatens the safety and/or well-being of the occupants of the Premises, or which materially prevents Lessee from continuing its ongoing operations in the Premises (in Lessee's sole reasonable opinion). Lessee, on Lessor's behalf, may but shall not be required to, perform the obligation that caused the Lessor Default. Lessor shall reimburse Lessee for such reasonable expenses as are incurred by Lessee while performing such obligations within thirty (30) days after receipt of demand therefor, provided (i) Lessee provides Lessor with written notice of its intention to perform such obligation on Lessor's behalf at least fifteen (15) days before commencing such performance (unless an emergency, in which event Lessee need only give Lessor- such amount of prior notice as may be reasonable under the circumstances and which notice may be verbal), and (ii) Lessee includes copies of all relevant invoices evidencing the work performed with its demand for reimbursement. If Lessor fails to reimburse Lessee for such costs as required herein, Lessee may thereafter abate the Rent due hereunder to recover such costs; provided that, to the extent that Lessor provides written notice disputing any such costs, then Lessee shall not be entitled to recover the amount in dispute by abatement of Rent, but may otherwise pursue any other remedies as may be provided by law and the terms of this Lease.

22. REMOVAL OF PROPERTY. In the event that Lessee fails to remove its personal property from the Premises in accordance with Section 21 A. (ii) of this Lease, any personal property of Lessee removed by Lessor may be stored by Lessor or may be deposited on any area adjacent to the building at the sole risk and expense of Lessee and without any further responsibility of Lessor. Lessee waives all claims for damages that may be caused by Lessor re-entering the Premises and removing or disposing of said property as herein provided.

23. COSTS AND ATTORNEYS' FEES. In the event either party shall commence legal action to enforce any provision of this Lease, the court shall award to the prevailing party all reasonable attorneys' fees and all costs incurred in connection therewith, including fees and costs on appeal.

24. SUBROGATION WAIVER. Lessee hereby waives its entire right of recovery and subrogation against the Lessor for loss or damage covered by the insurance policies described in Section 17.A.

25. HOLDING OVER. If Lessee, with or without the express consent of Lessor, shall hold over after the Expiration Date of this Lease as provided in Section 2, Lessee shall remain bound by all the covenants and agreements herein, except that (a) the tenancy shall be from month-to-month (and without any right of six month advance written termination notice) and (b) the monthly Base Rent to be paid by Lessee shall be determined by multiplying the monthly Base Rent in effect immediately preceding such expiration times 125%. Any such tenancy may be terminated as provided by Washington State law.

26. SUBORDINATION AND ATTORNMENT: MORTGAGE PROTECTION: LESSOR'S SUBORDINATION

A. Subordination-Notice To Mortgagee. At the request of Lessor, Lessee shall promptly execute, acknowledge and deliver, all reasonable instruments which may be required to subordinate this Lease to any existing or future mortgages, deeds of trust and/or other security documents on or encumbering the Premises or on the leasehold interest held by Lessor, and to any extensions, renewals, or replacements thereof, provided that the mortgagee or beneficiary, as the case may be, shall agree to recognize this Lease in the event of foreclosure if Lessee is not in default at such time.

B. Lessee's Certificate. Lessee shall at any time and from time to time upon not less than thirty (30) days prior written notice from Lessor execute, acknowledge and deliver to Lessor a statement in writing (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect), and the date to which the rental and other charges are paid in advance, if any; and (b) acknowledging that there are not, to Lessee's knowledge, any uncured defaults on the part of the Lessor or Lessee hereunder, or specifying such defaults if any are claimed; and (c) setting forth the date of commencement of rents and expiration of the Lease Term upon either party's six month advance written notice as provided herein. Any such statement may be relied upon by any prospective purchaser or encumbrances of all or any portion of the Premises of which the Premises are a part.

C. Mortgagee Protection Clause. Lessee agrees to notify any mortgagee and/or trust deed holders, by registered mail or express overnight delivery, with a copy of any notice of default served upon the Lessor, provided that prior to such notice Lessee has been notified in writing (by way of Notice of Assignment of Rents and Lease, or otherwise) of the addresses of such mortgagees and/or trust deed holders. Lessee further agrees that if Lessor shall have failed to cure such default, then the mortgagees and/or trust deed holders have thirty (30) days after receipt of such notice within which to cure such default prior to Lessee taking action to terminate this Lease under applicable laws.

27. SURRENDER OF POSSESSION. Lessee shall, prior to the termination or Expiration Date of this Lease or of Lessee's right to possession, remove from the Premises all personal property which Lessee is entitled to remove and those alterations, additions, improvements or signs which may be required by Lessor to be removed, pursuant to Sections 14 and 16 above, and shall repair or pay for all damage to the Premises caused by such removal. All such property remaining and every interest of Lessee in the same shall be conclusively presumed to have been abandoned by Lessee, without compensation, allowance, or credit to Lessee. Lessee shall upon termination of this Lease or of Lessee's right of possession, deliver all keys to Lessor and peacefully quit and surrender the Premises without notice, neat and clean, and in as good condition as when Lessee took possession, except for reasonable wear and tear as reasonable determined by Lessor, and casualty.

28. LATE PAYMENT AND INTEREST. If any amount due from Lessee is not received in the office of Lessor on or before the seventh (7th) day following the date upon which such amount is due and payable, a late charge of five percent (5%) of said amount shall become immediately due and payable, which late charge Lessor and Lessee agree represents a fair and reasonable estimate of the processing and accounting costs that Lessor will incur by reason of such late payment. All past due amounts owing to Lessor under this Lease, including Rent, shall be assessed interest at an annual percentage rate of ten (10%) from the date due or date of invoice, whichever is earlier, until paid. Notwithstanding the earlier provisions of this Section 28, Lessor will waive any fee related to late payment once per calendar year if such past due payment is, in fact, paid within five days following Lessor's notice to Lessee of such non-payment. In the event that there is a second late payment in any calendar year, Lessee will be required to pay the late fees and interest associated with that late payment as well as those associated with the previously waived late payment charges.

29. NOTICE. Any notice required to be given by either party to the other pursuant to the provisions of this Lease or any law, present or future, shall be in writing. Notices shall be effective (i) five (5) business days after mailed by certified or registered mail, return receipt requested; or (ii) upon receipt when personally delivered (including without limitation by messenger service). Either party may change its address for notices by notice to the other from time to time. The parties' addresses for notices are as follows:

Lessee

Northshore School District
Capital Projects
Attn: Ryan Fujiwara
22105 – 23rd Drive S.E.
Bothell, WA 98021;
Fax: (425) 489-6419

with a copy to:

Johns Monroe Mitsunaga
Kolouskova PLLC
Attn: Michael Monroe
1601 – 114th Avenue S.E.
Suite 110
Bellevue, WA 98004
Fax: (425) 451-2818

Lessor

Eastside Four Square Church
Attn: Steve Lowber
P.O. Box 1439
Bothell, WA 98041-1439
Fax: (425) 488-6587

with a copy to:

Ellis, Li & McKinstry PLLC
Attn: Nathaniel Taylor
2025 First Ave. PH A
Seattle, WA 98121

Fax: (206) 625-1052

And with a copy to:
ICFG Corporate Secretary
1910 W. Sunset Blvd., #200
Los Angeles, CA 90026

30. NO WAIVER OR COVENANTS. Time is of the essence of this Lease. Any waiver by either party of any breach hereof by the other shall not be considered a waiver of any future similar or other breach.

31. ENTIRE AGREEMENT. It is expressly understood and agreed by Lessor and Lessee that there are no promises, agreements, conditions, understandings, inducements, warranties, or representations, oral or written, express or implied, between them, other than as herein set forth and that this Lease shall not be modified in any manner except by an instrument in writing executed by the parties.

32. BINDING ON HEIRS, SUCCESSORS AND ASSIGNS. The covenants and agreements of this Lease shall be binding upon the heirs, executors, administrators, successors and assigns of both parties hereto, except as hereinabove provided.

33. LESSOR'S ASSIGNMENT. It is fully understood that Lessor shall have the full right to assign this Lease, without any notice to Lessee, thereby relieving Lessor from all and any liabilities; provided however, that the assignee assumes all Lessor's responsibilities as set forth in this Lease.

34. BROKERS. Each party represents and warrants to the other that, except as to George Jakotich of New Ventures Group as it concerns Lessee, it has not had dealings with any real estate broker or agent with respect to this Lease that would cause the other party to have any liability for any commissions or other compensation to such broker or agent, and that no such broker or agent has asserted any claim or right to any such commission or other compensation. Lessee shall be responsible for any compensation owing to George Jakotich. Such representing party shall defend and indemnify the other party and hold the other party harmless from and against any and all loss, cost, liability, damage and expense (including reasonable attorneys' fees) whatsoever that may arise out of the breach of such representation and warranty.

35. COUNTERPARTS. This Lease may be executed in any number of counterparts and each counterpart shall be deemed to be an original document. All executed counterparts together shall constitute one and the same document, and any counterpart signature pages may be detached and assembled to form a single original document.

36. AUTHORITY. Each individual executing this Lease on behalf of his or her respective party represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity in accordance with the governing documents of such entity, and that upon full execution and delivery this Lease is binding upon said entity in accordance with its terms.

37. TERMINATION OF LEASE DUE TO THIRD-PARTY LEGAL ACTION OR THREAT OF SAME. The parties believe this Lease fully complies with all federal and state requirements and regulations. If at any time following execution of this Lease, a lawsuit or a threat of a lawsuit is filed or made against Lessee by any third-party concerning Lessee's authority to operate a public school on the Premises or in the Building, then Lessee may, in its sole and absolute discretion, elect to terminate this Lease. Lessee shall signify its election to terminate the Lease by passing a resolution that specifies its decision in this regard. Upon providing Lessor with a copy of any such resolution, the Lease shall be automatically terminated (the "Date of Termination"), without penalty, charge or further obligation on either party.

B. Lessee shall remain obligated to comply with the applicable Lease terms for any circumstances, if any, that may have accrued or occurred on or before the Date of Termination, if it concerns the following Lease related expenses or charges: Section 5 (Past Due Rent).

C. Lessee shall be entitled to remove the personal property of Lessee, its employees, agents and invitees for a period of 14 days following the Date of Termination.

D. The parties' rights to indemnification as set forth in Section 18 of the Lease shall survive termination as to any acts or omissions occurring prior to the Date of Termination.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed as of the dates set forth below.

LESSEE:

NORTHSHORE SCHOOL DISTRICT

By:
Its: Executive Director, Support Services

LESSOR:

**INTERNATIONAL CHURCH OF
THE FOURSQUARE GOSPEL,
DBA Bothell Eastside Foursquare
Church**

By:
Its:

By:
Its:

- Exhibit A** Floor Plan depicting the Premises, Common Areas and Access Routes.
- Exhibit B** Legal Description of the Property.
- Exhibit C** Plan Depicting Lessee's Parking (5 spaces).
- Exhibit D** Plan Depicting the Common Areas and Access Routes.
- Exhibit E** Plan Regarding Mitigation of Sectarian Displays.