

COMMERCIAL LEASE

THIS COMMERCIAL LEASE AGREEMENT (hereinafter "Lease Agreement"), is effective this _____ day of _____, 2020, by and between CITY OF MARYSVILLE (hereinafter the "Lessor") and MARYFEST (hereinafter the "Lessee") as follows:

WITNESSETH:

1. THE PREMISES.

The Lessor does hereby lease to Lessee, and Lessee does hereby lease from Lessor, three parcels situated in the City of Marysville, Snohomish County, Washington, described as follows:

PARCEL A:

West 33 feet of Lot 5 and the East 1/2 of Lot 6 in Block 9, D.A. Quinn's First Addition to Marysville, as per plat recorded in Volume 1 of Plats on page 69, records of Snohomish County.

PARCEL B:

Lot 3 in Block 9, D.A. Quinn's First Addition to Marysville, as per plat recorded in Volume 1 of Plats on page 69, records of Snohomish County.

PARCEL C:

Lot 4 and East 17 feet of Lot 5 in Block 9, D.A. Quinn's First Addition to Marysville, as per plat recorded in Volume 1 of Plats on page 69, records of Snohomish County.

Situate in the County of Snohomish, State of Washington.

Tax Parcel Number(s): 005511-009-005-00, 005511-009-003-00 and 005511-009-004-00

Commonly known as 1408 1st Street, Marysville, WA 98270

2. BUSINESS PURPOSE.

The Premises are to be used for the purpose of Maryfest offices, storing and maintaining the Maryfest parade float and related items and for no other business or purpose, without the written consent of Lessor.

3. TERM.

The term of the lease will begin on June 1, 2020, and continue for one year to May 31, 2021. Lessor may terminate the tenancy or modify the terms of the Agreement by giving the Lessee sixty (60) days' written notice. Lessee may terminate the tenancy by giving the Lessor thirty (30) days' written notice.

4. RENT.

A. Rental Amount. Throughout the entire term of this Lease and any extension or holdover thereof, Lessee covenants and agrees to pay Lessor as rental for said premises the sum of ONE THOUSAND AND NO/100THS DOLLARS (\$1,000.00) per month.

B. Payments. Rent payments shall be due on the first day of each calendar month in advance and shall be paid at:

Marysville City Finance Officer
City of Marysville
1049 State Avenue
Marysville, WA 98270

Or at such other place as may be designated by Lessor.

C. Leasehold Excise Tax. Lessor will pay any leasehold excise tax.

D. Late Charge. In the event Lessee should fail to pay any installment of rent or any sum due hereunder within ten (10) days after the date it is due, Lessee shall pay Lessor a late charge of 5% of the delinquent payment, which late charge shall constitute additional rent due hereunder.

5. SECURITY DEPOSIT.

Prior to the commencement of this Lease, the Lessee shall deposit with the Lessor a security deposit in the sum of ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00), as security for the performance of all of the obligations of the Lessee under this Lease (the "Security Deposit"). The Security Deposit shall not be assigned, transferred, pledged, hypothecated or otherwise encumbered by the Lessee. The Lessor shall not be obligated to pay any interest on the Security Deposit unless required by valid Law, and may commingle the Security Deposit with any other security deposits made by any other Lessees of Lessor.

In the event the Lessee fails to perform any of its obligations under this Lease at the time and in the manner provided for in this Lease, the Lessor may without notice, immediately apply all or part of the Security Deposit to compensate the Lessor for all or part of the damages incurred by the Lessor as a result of such default by the Lessee. In such event, the Lessee shall make such additional deposit of money as may be required to replenish the Security Deposit within ten (10) days after demand by the Lessor. Lessor may apply the security deposit to the payment of any sums owing to Lessor in connection with this Lease including, but not limited to, unpaid rent, Lessee damage to the Lease Premises, normal wear and tear resulting from ordinary use of the premises excepted, Lessor's attorney's fees and costs in enforcing this Lease, and payment of any judgment obtained by Lessor in connection with the enforcement of this Lease or the eviction of Lessee; provided that nothing herein shall be construed as requiring Lessor to apply the Security Deposit to payment of any such judgment. In the event the Lessee has fulfilled all of its obligations under this Lease, no later than 30 days after the termination date, the applicable balance of the Security Deposit shall be remitted to the Lessee.

In the event the Lessor sells or assigns its interest in this Lease, the Lessor shall automatically be released from all liability for the Security Deposit upon the delivery or assignment of the Security Deposit to the purchaser or assignee.

6. REPAIRS.

The Premises have been inspected and are accepted by Lessee in their present condition, and Lessee will at all times keep the Premises neat, clean and in a sanitary condition, and will replace any glass of all windows and doors as may become cracked or broken, and except for reasonable wear and tear and damage by fire or other unavoidable casualty, will at all times preserve the Premises in as good repair as they now are or may hereafter be put to. All repairs shall be at Lessee's sole cost and expense, except outside walls, roof and foundation.

7. UTILITIES.

The Lessee hereby covenants and agrees to pay all charges for heat, light, water and sewer, and for all other public utilities which shall be used in or charged against the Premises during the full term of this Lease.

8. INDEMNITY/HOLD HARMLESS.

E. Personal Property. All personal property on said leased Premises shall be at the risk of Lessee.

F. Lessor Not Liable. Lessor or Lessor's agents shall not be liable for any damage, either to person or property, sustained by Lessee or customers, caused by any defects now in said Premises or hereafter occurring therein, or due to the building in which the leased Premises are situated, or any part or appurtenance thereof, becoming in need of repair, or caused by fire or by bursting or leaking of water, gas, sewer or steam pipes, or from any act or neglect of employees, co-Lessee or other occupants of said building, or any other persons, including Lessor or Lessor's agent, or due to the happening of any accident from whatsoever cause in and about said building. In addition and except for claims arising out of the Lessor's negligence, wrongful act or omission, or breach of this Lease, the Lessor shall not be liable for injury to the Lessee's business or assets or any loss of income therefrom or for damage to the Lessee's employees, invitees, customers, or any other person in or about the Premises.

G. Indemnity. The Lessee agrees to defend, indemnify and hold Lessor and Lessor's agents harmless from any and all claims for damages suffered or alleged to be suffered in or about the Premises by any person, firm or corporation.

H. Waiver of Immunity. The Lessor and Lessee each specifically and expressly waive any immunity that each may be granted under the Washington State Industrial Insurance Act, title 51RCW. Neither party's indemnity obligations under this Lease shall be limited by any limitation on the amount or type of damages, compensation, or benefits payable to or for any third party under the Worker Compensation Acts, Disability Benefit Acts or other employee benefit acts.

I. Survival. The provisions of this Section 8 shall survive expiration or termination of this Lease.

9. CARE OF PREMISES.

The Lessor shall not be called upon to make any improvement or repair of any kind upon said Premises, and said Premises shall at all times be kept and used in accordance with the laws of the State of Washington, and in accordance with all directions, rules and regulations of the health officer, fire marshal, building inspector, or other proper officer of any pertinent and authorized public authority, at the sole cost and expense of said Lessee; and Lessee will permit no waste, damage or injury to the Premises, and at Lessee's own cost and expense, will keep all drainage pipes free and clear and open and will protect water, heating and other pipes so that they will not freeze or become clogged, and will repair all leaks, and will also repair all damages caused by acts or by reason of Lessee's failure to protect and keep free, open and unfrozen any of the pipes and plumbing on said Premises. Lessee shall be liable for the removal of rubbish, debris, ice, and snow from the sidewalks at front, rear, and sides of and about said Premises wherever Premises abut or have direct access to sidewalks or other public access.

10. USE.

The Lessee shall conduct and carry on in said Premises, continuously during each and every business day of the terms hereof, the business for which said Premises are leased, and shall not use the Premises for illegal purposes. The Lessee agrees that no stock of goods will be carried or anything done in or about the Premises which will increase the present rate of insurance, provided, however, if the Lessee shall engage in such business with the consent of the Lessor, which business shall increase insurance rates, Lessee shall pay such increase.

11. LIENS AND INSOLVENCY.

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

12. ASSIGNMENT.

The Lessee shall not, without the written consent of the Lessor or Lessor's agents, let or sublet the whole or any part thereof, nor assign this Lease or any part thereof without the written consent of the Lessor, or Lessor's agents. In the event of any assignment so consented to, a minimum charge of 50% of one month's rent shall be made by Lessor for the services in transferring or assigning this Lease, and shall be paid by Lessee. This minimum charge shall have no effect on any commission agreement between the Lessee and any real estate broker. This Lease shall not be assignable by operation of law. If consent is once given by the Lessor to the assignment of this Lease, or any interest therein, Lessor shall not be barred from afterwards refusing to consent to any further assignment.

13. ACCESS.

The Lessee will allow Lessor or Lessor's agents free access at all reasonable times to the Premises for the purpose of inspection or of making repairs, additions or alterations to the Premises or any property owned by or under the control of Lessor, but this right shall not be

construed as an agreement on the part of the Lessor to make any repairs, all of such repairs to be made by the Lessee as aforesaid. Lessee agrees that at the expiration or sooner termination of this Lease, Lessee will quit and surrender the said Premises without notice, and in a neat and clean condition, and shall deliver up all keys belonging to said Premises to the Lessor or Lessor's agents. The Lessor shall have the right to place and maintain "For Rent" signs in a conspicuous place on said Premises 60 days prior to the expiration of this Lease. Lessor shall have the right to show the interior of the Premises to interested parties 90 days prior to the expiration of this Lease.

14. POSSESSION.

In the event of the inability of Lessor to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, neither Lessor nor Lessor's agents shall be liable for any 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, Lessee shall not be liable for any rent until such time as Lessor can deliver possession. If the Lessor shall deliver possession of the Premises to the Lessee prior to the commencement of this Lease, Lessee agrees to accept same at such time and both Lessor and Lessee agree to be bound by all of the provisions and obligations hereunder during such prior period.

15. FIRE AND OTHER CASUALTY.

A. Fire. In the event the Premises are destroyed or damaged by fire, earthquake or other casualty to such an extent as to render the same unusable in whole or in a substantial part thereof, it shall be optional with the Lessor to rebuild or repair the same; and after the happening of any such contingency, the Lessee shall give Lessor or Lessor's agents immediate written notice thereof. Lessor shall have not more than 90 days after date of such notification to notify the Lessee in writing of Lessor's intentions to rebuild or repair said Premises, or the part so damaged as aforesaid, and if Lessor elects to rebuild or repair said Premises, Lessor shall prosecute the work of such rebuilding or repairing without unnecessary delay, and during such period the rent of said Premises shall be abated in the same ratio that that portion of the Premises rendered for the time being unfit for occupancy shall bear to the whole of the leased Premises. If the Lessor shall fail to give the notice aforesaid, Lessee shall have the right to declare this Lease terminated by written notice served upon the Lessor or Lessor's agents.

B. Condemnation. If the Premises are made unusable by eminent domain, or conveyed under a threat of condemnation, this Lease shall automatically terminate as of the earlier of the date title vests in the condemning authority or the condemning authority first has possession of the Premises and all Rents and other payments shall be paid to that date. In case of taking of a part of the Premises that does not render the Premises unusable, then this Lease shall continue in full force and effect and the base monthly rent shall be equitably reduced based on the proportion by which the floor area of any structures is reduced, such reduction in Rent to be effective as of the earlier of the date the condemning authority first has possession of such portion of title vests in the condemning authority. The Lessor shall be entitled to the entire award from the condemning authority attributable to the value of the Premises and the Lessee shall make no claim for the value of its leasehold. The Lessee shall be permitted to make a separate

claim against the condemning authority for moving expenses or damages resulting from interruption in its business, provided that in no event shall the Lessee's claim reduce the Lessor's award.

16. NOTICES.

Any notice required to be served in accordance with the terms of this Lease shall be sent by registered mail, the notice from the Lessee to be sent to: 1049 State Avenue, Marysville, WA 98270, or address later provided to the Lessee, and the notice from the Lessor and Personal Guarantor to be sent at the leased Premises.

17. GOVERNMENTAL FEES.

All fees due the City, County or State on account of any inspection made on said Premises by any officer thereof shall be paid by Lessee.

18. SIGNS.

All signs or symbols placed in the windows or doors or elsewhere about the Premises, or upon any exterior part of the building, by the Lessee shall be subject to the approval of the Lessor. In the event Lessee shall place signs or symbols on the exterior of said building, or in the windows or doors or elsewhere where they are visible from the street, that are not satisfactory to the Lessor, the Lessor may immediately demand the removal of such signs or symbols, and the refusal of the Lessee to comply with such demand within a period of 24 hours will constitute a breach of this Lease, and entitle the Lessor to immediately recover possession of said Premises in the manner provided by law. Any signs so placed on the Premises shall be so placed upon the understanding and agreement that Lessee will remove same at the termination of the tenancy herein created and repair any damage or injury to the Premises caused thereby, and if not so removed by Lessee then Lessor may have same removed at Lessee's expense.

19. ALTERATIONS.

The Lessee shall not make any alterations, additions or improvements in said Premises, without the consent of Lessor in writing first had and obtained, and all alterations, additions and improvements which shall be made, shall be at the sole cost and expense of lessee, and shall become the property of the Lessor, and shall remain in and be surrendered with the Premises as a part thereof at the termination of this Lease, without disturbance, molestation or injury. If the Lessee shall perform work with the consent of the Lessor, as aforesaid, lessee agrees to comply with all laws, ordinances, rules and regulations of the pertinent and authorized public authorities. The Lessee further agrees to save the Lessor free and harmless from damage, loss or expense arising out of the said work.

20. DEFAULT AND RE-ENTRY.

If any rents above reserved, or any part thereof, shall be and remain unpaid when the same shall become due, or if Lessee shall violate or default in any of the covenants and agreements herein contained, then the Lessor may cancel this Lease upon giving notice required by law, and re-enter said Premises, but notwithstanding such re-entry by the Lessor, the liability of the Lessee for the rent provided for herein shall not be extinguished for the balance of the terms of this Lease, and Lessee covenants and agrees to make good to the Lessor any deficiency

arising from a re-entry and re-letting of the Premises at a lesser rental than herein agreed to. The Lessee shall pay such deficiency each month as the amount thereof is ascertained by the Lessor.

21. COSTS AND ATTORNEY'S FEES.

If by reason of any default on the part of the Lessee it becomes necessary for the Lessor to employ an attorney or in case Lessor shall bring suit, to recover any rent due hereunder, or for breach of any provision of this Lease or to recover possession of the leased Premises, or if Lessee shall bring any action for any relief against Lessor, declaratory or otherwise, arising out of this Lease and Lessor shall prevail in such action, then and in any of such events Lessee shall pay Lessor a reasonable attorney's fee and all costs and expenses expended or incurred by the Lessor in connection with such default or action.

22. NON-WAIVER OF BREACH.

The failure of the Lessor 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 any other covenants or agreements, but the same shall be and remain in full force and effect.

23. REMOVAL OF PROPERTY.

In the event of any entry in, or taking possession of, the leased Premises as aforesaid, the Lessor shall have the right, but not the obligation to remove from the leased Premises all personal property located therein, and may store the same in any place selected by the Lessor, including but not limited to a public warehouse, at the expense and risk of the owners thereof, with the right to sell such stored property, without notice to Lessee, after it has been stored for a period of Thirty (30) days or more, the proceeds of such sale to be applied first to the cost of such sale, second to the payment of the charges for storage, if any, and third to the payment of any other sums of money which may then be due from Lessee to Lessor under any of the terms hereof, the balance, if any, to be paid to Lessee.

24. HEIRS AND SUCCESSORS.

Subject to the provisions hereof pertaining to assignment and subletting, the covenants and agreements of this Lease shall be binding upon the heirs, legal representatives, successors and assigns of any or all of the parties hereto.

25. HOLD-OVER.

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

26. COMMISSION.

There are no commissions due.

27. INSURANCE.

A. Liability Insurance. During the Lease term, the Lessee shall pay for and maintain commercial general liability insurance with broad form property damage and contractual liability endorsements. This policy shall name the Lessor and Lessor's lender(s) as an additional insured, and shall insure the Lessee's activities and those of the Lessee's employees, officers, contractors, licensees, agents, servants, guests, invitees or visitors with respect to the Premises against loss, damage or liability for personal injury or bodily injury (including death) or loss or damage to property with a combined single limit of not less than \$2,000,000.00, and a deductible of not more than \$5,000.00. The Lessee's insurance will be primary and noncontributory with any liability insurance carried by the Lessor.

B. Property Insurance. During the Lease term, the Lessee shall pay for and maintain special form cause of loss coverage property insurance (with coverage for earthquake and, if the Premises are in a flood plain, flood damage) for the Premises in the amount of their full replacement value, with a deductible of not more than \$5,000.00. The property insurance policy shall name the Lessee as the insured and the Lessor and the Lessor's lender(s) as additional insureds, with loss payable to the Lessor, the Lessor's lender(s), and the Lessee as their interests may appear.

C. Miscellaneous. Insurance required under this Section shall be with companies rated A-V or better in Best's Insurance Guide, and which are authorized to transact business in the State of Washington. No insurance policy shall be cancelled or reduced in coverage and each such policy shall provide that it is not subject to cancellation or a reduction in coverage except after thirty (30) days prior written notice to the Lessor. The Lessee shall deliver to the Lessor upon commencement of the Lease and from time to time thereafter, copies of the insurance policies or evidence of insurance and copies of endorsements required by this Section. In no event shall the limit of such policies be considered as limiting the liability of the Lessee under this Lease. If the Lessee fails to acquire or maintain any insurance or provide any policy or evidence of insurance required by this Section, the Lessor may, but shall not be required to, obtain such insurance for the Lessor's benefit and the Lessee shall reimburse the Lessor for the costs of such insurance upon demand. Such amounts shall be additional rent payable by the Lessee hereunder and in the event of non-payment thereof, the Lessor shall have the same rights and remedies with respect to such non-payment as it has with respect to any other non-payment of rent hereunder.

D. Waiver of Subrogation. The Lessor and Lessee hereby release each other and any other Lessee, their agents or employees, from responsibility for, and waive their entire claim of recovery for any loss or damage arising from any cause covered by insurance required to be carried or otherwise carried by each of them. Each party shall provide notice to the insurance carrier or carriers of this mutual waiver of subrogation, and shall cause its respective insurance carriers to waive all rights of subrogation against the other. This waiver shall not apply to the extent of the deductible amounts to any such policies or to the extent of liabilities exceeding the limits of such policies.

28. HAZARDOUS WASTE.

The Lessee shall not cause or permit any Hazardous Material to be brought upon, kept, or used in or about, or disposed of on the Premises by the Lessee, its agents, employees, contractors or invitees, except in strict compliance with all applicable federal, state and local laws, regulations, codes and ordinances. If the Lessee breaches the obligations stated in the preceding sentence, then the Lessee shall indemnify, defend and hold the Lessor harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in the value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, or elsewhere, damages arising from any adverse impact on marketing of space at the Premises, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees incurred or suffered by the Lessor either during or after the Lease term. These indemnifications by the Lessee include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work, whether or not required by any federal, state or local governmental agency or political subdivision, because of Hazardous Material present in the Premises, or in soil or ground water on or under the Premises. The Lessee shall immediately notify the Lessor or any inquiry, investigation or notice that the Lessee may receive from any third party regarding the actual or suspected presence of Hazardous Material on the Premises.

Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept or used in or about the Premises by the Lessee, its agents, employees, contractors or invitees, results in any unlawful release of Hazardous Material on the Premises or any other property, the Lessee shall promptly take all actions, at its sole expense, as are necessary to return the Premises or any other property, to the condition existing prior to the release of any such Hazardous Material; provided that the Lessor's approval of such actions shall first be obtained, which approval may be withheld at Lessor's sole discretion.

As used herein, the term "Hazardous Material" means any hazardous, dangerous, toxic or harmful substance, material or waste including biomedical waste which is or becomes regulated by any local governmental authority, the State of Washington or the United States Government due to its potential harm to the health, safety or welfare of humans or the environment. The provisions of this Section shall survive expiration or termination of this Lease.

29. TRANSFER OF LESSOR'S INTEREST.

This Lease shall be assignable by the Lessor without the consent of the Lessee. In the event of any transfer or transfers of the Lessor's interest in the Premises, other than a transfer for security purposes only, upon the assumption of this Lease by the transferee, the Lessor shall be automatically relieved of obligations and liabilities accruing from and after the date of such transfer, except for any retained security deposit or prepaid rent, and the Lessee shall attorn to the transferee.

30. ENTIRE AGREEMENT.

This Lease contains all of the covenants and agreements between the Lessor and Lessee relating to the Premises. No prior or contemporaneous agreements or understanding pertaining to

the Lease shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by the Lessor and Lessee.

31. SEVERABILITY.

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision of this Lease.

32. FORCE MAJEURE.

Time periods for either party's performance under any provisions of this Lease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fires, floods, earthquakes, lockouts, strikes, embargoes, governmental regulations, acts of God, public enemy, war or other strife.

33. GOVERNING LAW.

This Lease shall be governed by and construed in accordance with the laws of the State of Washington.

34. MEMORANDUM OF LEASE.

The Lessor may at its sole option, record a Memorandum of Lease in recordable form that identifies the Lessor and Lessee, the commencement and expiration dates of the Lease, and the legal description of the Premises.

35. AUTHORITY OF PARTIES.

Each party signing this Lease represents and warrants to the other that it has the authority to enter into this Lease, that the execution and delivery of this Lease has been duly authorized, and that upon such execution and delivery this Lease shall be binding upon and enforceable against the party on signing.

IN WITNESS WHEREOF the parties hereto have executed this Lease the day and year first above written.

LESSOR:

CITY OF MARYSVILLE

LESSEE:

MARYFEST

JON NEHRING, Mayor

Alice VanBeek
Its: President