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CLM
11/22/21

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is entered this 15th day of April, 2021, by and between WHATCOM TRANSPORTATION AUTHORITY, a Washington Public Transportation Benefit Area ("WTA"), and JOHN LOBACH ("LESSEE"). This Lease is entered pursuant to the following agreed facts:

A. WTA owns that real property located at 2123 E. Bakerview Road Bellingham, Washington 98226 and legally described in Exhibit A, which is attached hereto and incorporated by reference ("Property");

B. WTA purchased the Property in or about January 2021, and as part of its purchase, assumed whatever tenancy rights that LESSEE may have had to use and occupy any portion of the Property; ("Ryan Agreement").

C. WTA maintains that the Ryan Agreement is based exclusively on potential oral promises, and therefore at most, LESSEE's rights to occupy any portion of the Property is that of a month-to-month tenancy; and

D. WTA intends to use the Property in the future for expansion of its Maintenance and Operations Base, and in the interim, is willing to lease that portion of the Property depicted on Exhibit B to LESSEE, which is attached hereto and incorporated by reference, and described in Exhibit C, which is attached hereto and incorporated by reference ("Premises") to LESSEE on a month-to-month basis, and subject to the terms and conditions set out herein.

NOW, THEREFORE, in exchange for good and valuable consideration, receipt of which is hereby confirmed, the parties agree as follows:

1. TERMINATION OF RYAN AGREEMENT

The parties hereby terminate the Ryan Agreement, effective immediately, and each party waives and releases all rights and obligations under the Ryan Agreement. Notwithstanding the above, nothing herein shall be construed as a waiver by WTA of any rights to seek rights or damages that it may be entitled to recover under RCW Chapter 70A.305.

2. RIGHT OF OCCUPANCY AND USE

2.1 Occupancy Rights. LESSEE shall have the right to occupy and use the Premises for the purpose of Storage. In addition, LESSEE may use, in a non-exclusive manner, access routes, driveways, internal roads, and parking areas located on the Property ("Limited Common Areas"), so long as such use does not interfere with the use of the Limited Common Areas by other tenants of the Property or WTA. Notwithstanding the above, WTA

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has abandoned or will be abandoning the wash down rack that is located on the Property, and LESSEE shall not use this facility for this purpose.

2.2 Restrictions/Limitations on Use of Property. LESSEE shall at all times take all actions to avoid impacting or inhibiting use of the Property by WTA and other tenants. Upon notice from WTA, LESSEE shall take all reasonable action requested by WTA regarding the use of the Property outside of the Premises, including termination of any use, as determined to be necessary by WTA.

Tenant shall at all times comply with the Rules and Restrictions set out in Exhibit D, which is attached hereto and incorporated by reference, which may be amended by WTA at any time, and within its discretion, upon providing thirty (30) days' notice.

3. TERM

The term of this Lease shall be on a month-to-month basis. This Lease may be terminated by either party for any reason, subject to the providing of thirty (30) days' written notice.

4. RENT AND OTHER FINANCIAL OBLIGATIONS

4.1 Base Rent. LESSEE shall pay WTA the base rent of Six Hundred and No/100 Dollars (\$600.00) per month by the fifth (5th) day of each month, commencing in March 2021 ("Base Rent").

4.2 Base Rent Adjustment. The Base Rent may be adjusted by WTA at any time, subject to the providing of thirty (30) days' written notice.

4.3 Utilities and Services. LESSEE shall pay its/his/her proportionate share for utility services utilized by LESSEE and paid by WTA. Such utility charges shall be billed by WTA monthly, and paid by LESSEE net thirty (30) days. Utility charges shall be assessed based upon the proportionate square footage area that LESSEE is occupying in any building separately metered for such utility service, in comparison to the full square footage of the served building. Notwithstanding the above, WTA shall apportion a higher percentage of utility charges to LESSEE if it/he/she is using a disproportionate amount of any utility service in comparison with other tenants or WTA.

4.4. Personal Property Taxes. LESSEE shall pay, prior to delinquency, all taxes assessed against and levied upon fixtures, furnishings, equipment, and all other personal property of LESSEE; and when possible, LESSEE shall cause said fixtures, furnishings, equipment, and other personal property to be assessed and billed separately from the real property of WTA.

4.5. Leasehold Excise Tax. WTA shall bill LESSEE for the Washington State Leasehold Excise Tax owed by LESSEE on a monthly basis, which LESSEE shall pay

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in net thirty (30) days.

4.6. Direct Payment of Certain Utilities. To the extent possible, LESSEE shall directly secure and pay for utilities and services.

4.7. Deposit and Prepaid Rent. Lessee confirms that it/he/she did not pay any deposit associated with the Ryan Agreement. Upon execution of this Lease, LESSEE shall pay a damage deposit in the amount of Six Hundred and No/100 Dollars (\$600.00), which WTA shall hold and may apply to any amount due and owing under this Lease upon any default by LESSEE.

LESSEE confirms that it/he/she originally paid for the last month's rent in the amount of the Base Rent as part of the Ryan Agreement, which WTA has received. LESSEE shall be credited the amount of Six Hundred and No/100 Dollars (\$600.00) towards its/his/her last month's Base Rent.

5. LESSEE OBLIGATIONS

5.1 Tenant Improvements. LESSEE is accepting the Premises in its current condition, and shall not install or construct any improvements, without WTA's express written approval. Any improvement allowed by WTA may only be undertaken after receipt of any and all necessary approvals from the State of Washington, City of Bellingham, Whatcom County, and all other regulatory agencies, and shall be constructed according to all WTA approved plans, drawings, and permits. All improvements shall be constructed by a properly licensed and bonded general contractor, who shall be subject to WTA's prior written approval. All improvements shall be constructed to meet all approved plans and specifications or better. Any allowed improvements shall become a permanent fixture to the Premises and shall immediately become the property of WTA.

5.2 Equipment Repair and Maintenance. LESSEE shall provide, repair, and maintain in good order all of its/his/her equipment, and at all times comply with state and local health and safety regulations, and all other laws, rules, and regulations required and necessary to operate its/his/her business.

5.3 Maintenance of Property. LESSEE shall conduct regular maintenance of the Premises, including the following:

- clean up and litter removal in and around the Premises;
- provide and use recycling (e.g., covered bin or tote or shed-type shelter) in a secure area; and
- provide notification to WTA should there be immediate need for repairs to sanitation facilities.

6. INDEPENDENT CAPACITY OF LESSEE

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At all times, LESSEE shall be an independent contractor, and the parties will be acting in their individual, corporate, or governmental capacities and not as agents, employees, partners, joint ventures, or associates of one another. LESSEE shall not make any claim of right, privilege, or benefit which would accrue to an employee of WTA under RCW Chapter 41.06 or RCW Title 51. LESSEE shall indemnify and hold harmless WTA from and against any and all costs (including attorneys' fees) or liabilities (including payroll taxes, penalties, or interest) arising out of any assertions that the LESSEE is not an independent LESSEE of WTA.

7. ENTRY FOR INSPECTION

WTA or WTA's authorized personnel or any duly authorized state or municipal officer shall be permitted to enter the Premises at reasonable times to reasonably accomplish the terms, conditions, and purposes of this Lease. WTA shall not be liable for any claims for loss, damage, inconvenience, or interruption of business arising from such entry. In addition to the above, WTA is entitled to enter the Premises a minimum of once a month at reasonable times to conduct safety inspections.

8. PROTECTION OF PROPERTY AND SAFETY

LESSEE shall take reasonable precautions to protect the Premises from loss or damage and to protect WTA employees, invitees and the public from injury.

9. INSURANCE

LESSEE will not commence use of the Premises until proof of insurance has been received and approved by WTA. Insurers must be licensed to conduct business in the state of Washington (or issued as a surplus line by a Washington Surplus lines broker) and approved by the state insurance commissioner. Insurers must have a minimum rating of A- and a financial rating of Class VII or higher in the most recently published edition of the A.M. Best's Key Rating Guide.

Approval of the insurance by WTA will not relieve or decrease the liability of the LESSEE for any damages arising from LESSEE'S performance under this Lease. LESSEE'S failure to fully comply with insurance requirements shall be considered a material breach and cause for immediate termination of this Lease. LESSEE shall bear all damage costs sustained for failure to maintain any of the required insurance or to provide notification that it cannot.

Coverage will include claims for damages arising from LESSEE'S performance for:

- bodily injury/death;
- personal injury;
- property damage, including premise and operations, fire damage, and medical expense;

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- independent LESSEE'S coverage;
- protective liability; and
- completed operations and products.

LESSEE must procure the following minimum insurance:

1. Commercial General Liability in the amount of One Million and No/100 Dollars (\$1,000,000.00) per occurrence and Two Million and No/100 Dollars (\$2,000,000.00) per project aggregate;

2. ~~Umbrella or Excess Liability in the amount of One Million and No/100 Dollars (\$1,000,000.00) per occurrence; and~~ JR

3. ~~Professional Liability in the amount of One Million and No/100 Dollars (\$1,000,000.00) per occurrence.~~ JR

Coverage must be maintained through the life of the Lease ~~plus one (1) year.~~ JR

LESSEE must furnish the following endorsements separate of the Certificate of Liability:

- Additional Insured Endorsement naming "WTA Agents & Employees" for Ongoing Operations. Endorsement should be on Accord© form CG20100704 or equivalent;
- Additional Insured Endorsement naming "WTA Agents & Employees" for Completed Operations. Endorsement should be on Accord© form CG20370704 or equivalent;
- Waiver of Subrogation naming "WTA Agents & Employees." Endorsement should be on Accord© form CG24041093 or equivalent; and
- Cancellation Endorsement providing thirty (30) days' advance written notice to be received by WTA.

LESSEE must maintain Worker's Compensation Insurance. If LESSEE is not eligible for Worker's Compensation Insurance, it/he/she will indemnify and hold WTA harmless for any claims resulting from LESSEE'S actions.

These insurance requirements do not limit the LESSEE'S liability for damages resulting from performance.

10. INDEMNIFICATION

LESSEE shall indemnify, defend, and hold WTA, its agents, officers, and

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employees harmless from, and shall process and defend at its/his/her own expense (including reasonable attorneys' fees), all claims, demands, or suits at law or equity arising out of the LESSEE'S use of the Premises or Property, and/or the LESSEE'S performance or failure to perform any and all duties prescribed by this Lease; provided that nothing herein shall require the LESSEE to indemnify WTA and hold WTA harmless from claims, demands, or suits to the extent caused by the negligence of WTA, its agents, officers, or employees; and provided further that if the claims or suits are caused by or result from the concurrent negligence of (a) LESSEE, its/his/her agents, officers, or employees, and (b) WTA and its agents, officers, or employees, this indemnity provision with respect to claims or suits based upon such negligence shall be valid and enforceable only to the extent of the LESSEE'S negligence or that of its/his/her agents, officers, or employees.

11. MODIFICATIONS AND AMENDMENTS

This Lease may only be modified or amended through a written document signed by all parties.

12. PUBLIC RECORDS

As a public agency, WTA must comply with RCW Chapter 42.56. All documents relating to this Lease, including the Lease itself, will be disclosed if a Public Disclosure Request ("PDR") is submitted, unless a proper exemption applies.

12.1 LESSEE Proprietary Information. If WTA receives any PDR that includes a request for documents relating to this Lease, WTA is required to comply under RCW Chapter 42.56, subject to any exemption that may apply to WTA. Any information provided by LESSEE labeled "Confidential" or "Proprietary" which does not, in WTA's opinion, fall into an exemption from public disclosure, will be initially withheld, and WTA will notify LESSEE of the request. WTA will continue to withhold the "Confidential" or "Proprietary" labeled materials for a total of fourteen (14) days after providing notice. Thereafter, WTA shall release the "Confidential" or "Proprietary" materials pursuant to the PDR, subject to any court order or injunction that LESSEE may obtain. LESSEE shall reimburse WTA for administrative expert costs and fees and attorneys' fees it incurs arising from dealing with LESSEE'S labeling of any documents as "Confidential" or "Proprietary," including those arising from any legal action commenced by LESSEE.

12.2 Retention and Possible Disclosure of Records. As a public contract, all records prepared, generated, or used by LESSEE or its/his/her agents, employees, and subcontractors relating to the Lease may be subject to being a "Public Record" under RCW Chapter 42.56. LESSEE shall maintain and retain all such records in a manner that is accessible, and WTA shall have the right to review and inspect such records upon request for a term of three (3) years following completion of the Lease. All records of LESSEE subject to a PDR will be provided to a requester. WTA may only refrain from disclosing any record based upon an exemption that is applicable to WTA, and will not

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refrain from disclosing any record under an exemption that may be personal to LESSEE. LESSEE will need to seek judicial approval to prevent such disclosure at its/his/her expense.

13. SIGNS

LESSEE shall not install any signs on or about the Property without a written consent of WTA, which consent will not be unreasonably withheld. Any such signs shall be installed in compliance with all state and local laws and regulations.

14. LIENS

LESSEE shall keep the Property free from any liens, including, but not limited to, those arising out of or in connection with LESSEE'S improvements, any work or labor done, services performed, materials or appliances used or furnished for or in connection with any operations of LESSEE, work or construction, or obligations incurred by LESSEE, including, but limited to, workmen's compensation or withholding taxes, and at all times, promptly and fully pay and discharge any and all claims upon which any such lien may or could be based, and to indemnify and hold WTA harmless against all costs, expenses, liabilities, claims, or damages, including, but not limited to, attorneys' fees and costs of suit.

15. ABANDONMENT

LESSEE shall not vacate the Premises at any time during the term of this Lease.

16. DAMAGE AND REPAIR

In the event of partial destruction of the Premises during the term which requires repairs to the Premises, WTA shall make repairs if and only if WTA receives insurance proceeds sufficient to cover the cost of the repairs, provided LESSEE gives to WTA thirty (30) days' written notice of the necessity therefore. No such partial destruction shall in any way annul or void this Lease, except that LESSEE shall be entitled to a proportionate reduction of the Base Rent while such repairs are being made, such reduction to be based upon the extent to which the making of such repairs shall interfere with LESSEE'S business operations, unless LESSEE was the cause of such repairs, in which case, no abatement or reduction of the Base Rent shall occur. If during the last year of the term of this Lease, the Premises is damaged as a result of fire or any other insured casualty to an extent in excess of seventy-five percent (75%) of its then replacement cost (excluding foundation(s)), LESSEE may, within thirty (30) days following the date such damage occurs, terminate this Lease by written notice to WTA. If LESSEE does not so elect, this Lease shall continue in full force and effect, and the Base Rent shall be proportionately reduced.

Notwithstanding the foregoing, if the Premises is damaged or destroyed at any

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time during the term to an extent of more than seventy-five percent (75%) of its then replacement cost, or if insurance proceeds are not sufficient to cover the cost of any repairs, WTA may, within sixty (60) days following the date of such destruction, notify LESSEE of its intent not to repair the Premises and terminate the Lease. If WTA does not elect to terminate, WTA shall promptly rebuild and repair the Premises, and LESSEE'S rental obligation shall be proportionately reduced as hereinabove provided.

17. DEFAULT AND TERMINATION OF LEASE

17.1 LESSEE shall be in default of this Lease in the event that:

- (1) LESSEE fails to timely pay Base Rent or any other financial obligation to WTA;
- (2) LESSEE fails to secure, maintain, or renew any necessary approval or license;
- (3) LESSEE fails to comply with any applicable rule or regulation, or any license or approval granted to LESSEE by any governmental agency;
- (4) LESSEE ceases to do business or suspends its/his/her sales; or
- (5) LESSEE fails to comply with any term, obligation, or condition of this Lease.

17.2 If LESSEE is in default, WTA may terminate LESSEE'S right to occupy the Premises by any means available under Washington law or by any lawfully existing remedy. Provided, however, that LESSEE shall have three (3) days to cure any monetary default and ten (10) days to cure any non-monetary default from the date of WTA's written notice to LESSEE of default.

17.3 This Lease shall automatically terminate, and LESSEE shall immediately cease operations upon notice from the state and/or local health officials that LESSEE has failed to comply with any health or safety regulation or requirement in association with the operation, or the continued operation represents a health hazard to LESSEE'S customers.

In the event of termination or expiration, LESSEE shall remove all of LESSEE'S equipment and signage from the Premises and leave the Premises in a neat, clean, and damage-free condition, normal wear and tear excepted. If upon termination or expiration, LESSEE fails or refuses to remove LESSEE'S property, WTA may remove, store, or sell the same and apply the value received therefrom against any costs incurred by WTA in removing any such property and then to any consideration owing to WTA by LESSEE with the balance, if any, paid to LESSEE.

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18. HAZARDOUS MATERIAL

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 LESSEE, its agents, employees, contractors, or invitees, except in strict compliance with all applicable laws, regulations, codes and ordinances. LESSEE shall indemnify, defend, and hold WTA harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses, including, without limitation, remediation costs, fees, and expenses, diminution in the value of the Premises or Property, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises or Property, or elsewhere, and sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees incurred or suffered by WTA either during or after the Lease term. Without limiting the foregoing, if the presence of any Hazardous Material brought upon, kept or used in or about the Premises by LESSEE, its/his/her agents, employees, contractors, or invitees, results in any unlawful release of Hazardous Material on the Premises or any other property, LESSEE shall promptly take all actions, at its/his/her 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 WTA's approval of such actions shall first be obtained.

As used herein, the term "Hazardous Materials" means any hazardous, dangerous, toxic, or harmful substance, material, or waste, including any pesticides or dangerous chemicals used in the production and processing of marijuana as defined in WAC 314-55, the Washington State Model Toxics Control Act, or the Comprehensive Environmental Response, Compensation, and Liability Act. Hazardous Materials also includes biomedical waste, which is or becomes regulated by any governmental authority 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.

19. MISCELLANEOUS PROVISIONS

19.1 No Assignments/No Subletting. This Lease shall be binding on the parties and their successors and assignees. LESSEE may not assign this Lease or any of its/his/her obligations, nor sublet any portion of the Premises without the prior written consent of WTA. LESSEE warrants and represents that there are currently no subtenants or other third parties, using or occupying any portion of the Premises for any purpose, including, but not limited to, for the storage of any items.

19.2 Non-Discrimination. In the performance of this Lease, LESSEE shall not discriminate on the grounds of race, color, creed, national origin, religion, sex, age, marital status, Vietnam era veteran status, disabled veteran status, income level, or disability; nor exclude from participation in, deny the benefits of, deny employment in, or otherwise subject to discrimination anyone under this Lease, employment, or services provided.

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19.3 Venue and Forum. This Lease shall be governed by and construed according to the laws of the state of Washington. Any suit to interpret or enforce this Lease shall be brought in the Superior Court of the State of Washington, Whatcom County, which forum shall have sole and exclusive jurisdiction and venue.

19.4 Waiver of Default and Severability. Waiver by the WTA of breach of any provision of this Lease shall not be deemed to be a waiver of any other or subsequent breach and shall not be construed to be a modification of the terms of the Lease unless stated to be such in writing, signed by the WTA and attached to the original Lease. If any provision of this Lease or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Lease which can be given effect without the invalid provision, and to this end, the provisions of this Lease are declared to be severable.

19.5 Notices. Whenever notice is required to be given under this Lease, it shall be given in writing, and in the case of notice pursuant to the termination of this Lease, such notice shall be given by certified or registered mail, return receipt requested, to the following respective addresses:

WTA:
Tami Eastwood
Revenue Manager
Director of Finance
4011 Bakerview Spur Road
Bellingham, WA 98226

LESSEE:

or to such other respective addresses as either party may hereafter designate in writing. Notice sent by mail shall be deemed to have been given three (3) calendar days after proper mailing, and the postmark affixed by the U.S. Post Office shall be conclusive evidence of the date of mailing.

19.6 Entire Lease. This Lease constitutes the entire agreement between WTA and LESSEE and supersedes all other prior written or oral understandings. This Lease may only be amended, supplemented, modified, or superseded by a duly executed document in writing.

19.7 Providing of Information. LESSEE shall provide WTA with current copies of its/his/her valid City of Bellingham business license and any other license or permit required to operate.

19.8 Rights to Relocation Assistance. LESSEE shall have all rights to seek and

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obtain any relocation assistance from WTA upon the termination of this Lease that are authorized and required by law.

EXECUTED on the date set below each party's signature.

LESSEE: JOHN LOBACH

John Lobach
By: JOHN LOBACH, Individual
Date: April 12, 2021

WHATCOM TRANSPORTATION AUTHORITY

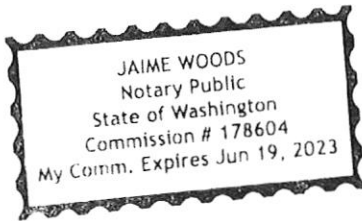
Les Reardon
By: GENERAL MANAGER
Its: LES REARDON
Date: 11/23/21

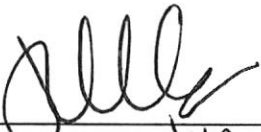
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STATE OF WASHINGTON }
County of Whatcom } ss.

On this 15th day of April, 2021, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared JOHN LOBACH, to me known to be the LESSEE that executed the foregoing instrument, and acknowledged the said instrument to be his free and voluntary act and deed, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.



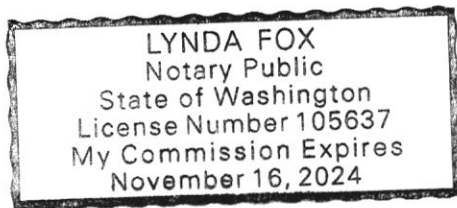

Printed Name: Jaime Woods
Notary Public in and for the state of
Washington, residing at Bellingham
My commission expires: June 19, 2023

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STATE OF WASHINGTON }
County of Whatcom } ss.

On this 23rd day of November, 2021, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Les Reardanz, to me known to be the General Manager [title] of WHATCOM TRANSPORTATION AUTHORITY, the Public Transportation Benefit Area that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said Public Transportation Benefit Area, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute said instrument on behalf of the Public Transportation Benefit Area.

Witness my hand and official seal hereto affixed the day and year first above written.



Lynda Fox
Printed Name: Lynda Fox
Notary Public in and for the state of
Washington, residing at Custer, WA
My commission expires: Nov. 16, 2024

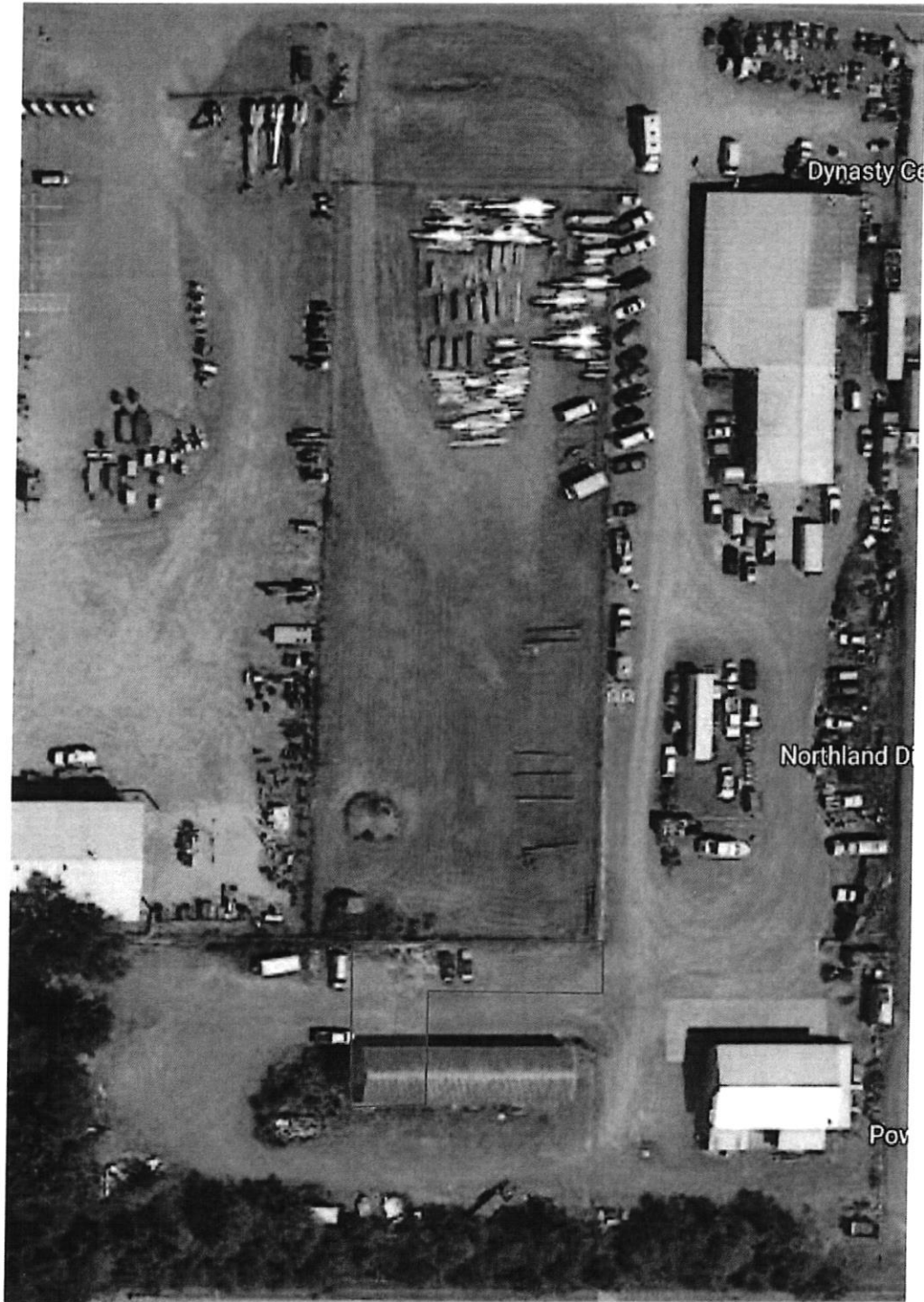
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Exhibit A – Legal Description

Lot C, Amended Ryan-Cowles Lot Line Adjustment, as per the map thereof, recorded under Whatcom County Auditor's File No. 2040103808. Situate in Whatcom County, State of Washington.

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Exhibit B – Premises Area



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Exhibit C- Premises Description

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Exhibit D – Rules

1. LESSEE shall furnish and at all times use its/his/her own garbage can and coordinate its timely disposal.

2. LESSEE shall not use the Premises or Property for any illegal use or purpose.

3. LESSEE shall not use the Premises or Property for any activity associated with the production, processing or sale of marijuana, whether or not permitted under RCW Chapter 69.50 or otherwise.

4. LESSEE shall promptly repair any broken windows or doors on the Premises and otherwise maintain adequate securement of any improvement on the Premises.

5. LESSEE shall be responsible for all actions and activities of any invitee on the Property or Premises.

6. Recreational vehicles, trailers, boats, and inoperable or unlicensed automobiles shall not be parked or stored on the Premises or Property. Repairs to any vehicle on the Premises or Property shall be made within twenty-four (24) hours.

7. Abandoned, inoperable or broken equipment of any kind shall not be located or stored on the Premises or Property. All equipment located on the Property and Premises shall be associated and used for purposes of LESSEE's business operations, and maintained in good repair and condition.