

WHEN RECORDED, RETURN TO:

Norwood Village Corporation
Marcó de Sa e Silva, President
2703 - 123rd Avenue S.E.
Bellevue, Washington 98005



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PAGE001 OF 011
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KING COUNTY, WA

LEASE

(Norwood Village Swimming Pool Property)

GRANTOR: NORWOOD VILLAGE CORPORATION, a Washington nonprofit corporation

GRANTEE: COMMUNITY SWIM CLUB (a/k/a Norwood Swim Club), a Washington nonprofit corporation

ABBREVIATED LEGAL DESCRIPTION:

The West 100 feet of the South 140 feet of Lot 1, Block 3, Plat of Norwood Village, Division No. 2; South 130 feet of the West 75 feet of the Southeast Quarter of Section 4, Township 24 North, Range 5 East, W.M.; and portion of Lot 22A, Plat of Woodridge Division No. 2;

Situate in King County, Washington.

Complete legal description is at page 2 hereof.

ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBERS:

620610-0110, 954180-0115

REFERENCE TO RELATED DOCUMENTS:

Auditor's File Nos. 5168897, 6673649, and 20060518000363

LEASE

THIS LEASE, dated for reference purposes only as of April 1, 2007, is made by and between NORWOOD VILLAGE CORPORATION, a Washington nonprofit corporation, as Lessor, and COMMUNITY SWIM CLUB (a/k/a Norwood Swim Club), a Washington nonprofit corporation, as Lessee. This Lease replaces and supersedes the lease between Lessor and Lessee dated May 27, 1960, and amended June 19, 1970, which was recorded in the real property records of King County, Washington, under Auditor's File Nos. 5168897 and 6673649, and the lease between Lessor and Lessee dated April 1, 2006, which was recorded in the real property records of King County, Washington, under Auditor's File No. 20060518000363.

W I T N E S S E T H :

1. **Premises.** Lessor leases to Lessee the following described real property situated in the County of King, State of Washington, to-wit:

The following three parcels of land:

1. The West 100 feet of the South 140 feet of Lot 1, Block 3, plat of Norwood Village, Division No. 2.
2. The South 130 feet of the West 75 feet of the Southeast Quarter of Section 4, Township 24 North, Range 5 East, W.M.
3. Lot 22A, Plat of Woodridge Division No. 2, except any portion thereof currently occupied by Lessor's monument sign and planter.

The leased premises are depicted generally on Exhibit A attached hereto. The leased premises include an easement under and over the adjoining land of the Lessor of a right to lay, operate and maintain water lines, drains, and utility connections, to such extent only as may be necessary to effectuate the purposes of this lease; provided that Lessee shall immediately following construction, maintenance or repair thereof, place the property of Lessor affected thereby in the same condition in which it was at the time of installation thereof so that Lessor's utilization shall in no way be affected by this easement. The installation location and placement of the facilities mentioned herein shall be subject to the advance approval of Lessor.

SEA 1945102v10 0027773-000026

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2. **Initial Term.** The initial term of this Lease shall be ten (10) years commencing April 1, 2007, and terminating March 31, 2017.

3. **Extension Term.** Lessee shall have the option to extend the term of this Lease, on the same terms and conditions as apply during the initial term, upon written notice to Lessor, for an extension term of either ten (10), fifteen (15), or twenty (20) years, in Lessee's discretion, provided that Lessee satisfies the following conditions precedent prior to or at the time of exercise of the option to extend:

(a) **Facilities Improvement Plan.** Lessee shall have prepared and delivered to Lessor a written plan (the "Facilities Improvement Plan") depicting or describing Lessee's proposed improvement of the facilities within the premises;


(b) **Estimated Cost.** The estimated cost of construction and installation of the improvements depicted or described in the Facilities Improvement Plan shall be not less than (i) \$50,000 (adjusted based on changes in the Consumer Price Index published by the U.S. Department of Labor (Seattle Metropolitan Area) between April 2007 and the last period for which the CPI is published prior to Lessee's approval of the Facilities Improvement Plan) if the extension term is ten (10) years, (ii) \$100,000 (adjusted based on changes in the Consumer Price Index published by the U.S. Department of Labor (Seattle Metropolitan Area) between April 2007 and the last period for which the CPI is published prior to Lessee's approval of the Facilities Improvement Plan) if the extension term is fifteen (15) years, or (iii) \$150,000 (adjusted based on changes in the Consumer Price Index published by the U.S. Department of Labor (Seattle Metropolitan Area) between April 2007 and the last period for which the CPI is published prior to Lessee's approval of the Facilities Improvement Plan) if the extension term is twenty (20) years;


(c) **Lessee Approval.** Lessee's Board of Directors shall have approved the Facilities Improvement Plan and the construction and installation of the improvements depicted or described in the Facilities Improvement Plan, including a planned construction completion date not later than five (5) years after date of plan approval; and

(d) **ACC Approval.** Lessor's Architectural Control Committee shall have approved the Facilities Improvement Plan.

4. **Rent.** Lessee shall pay to Lessor as rent for said premises the sum of \$400.00 per year, and Lessee shall pay to Lessor all taxes and assessments levied upon the land and improvements leased hereunder. In each year after the first year of the term of this Lease, the annual rent shall increase at the rate of three percent (3%) per year. For example, in the second year of this Lease, the rent shall be \$412.00 per year. Annual rent, taxes, and assessments shall be paid by Lessee to Lessor on or before the later of (a) March 31 of each year, or (b) thirty (30)

SEA 1945102v10 0027773-000026

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Lessor's Initials: 

days after receipt from Lessor of (i) the current year real estate tax statement for the land and improvements leased hereunder, and (ii) the invoice for annual rent.

5. **Permitted Use.** Lessee shall use the leased premises solely for the purposes of maintaining, operating, and improving a nonprofit community swim club and such related and necessary facilities as are required for the effectuation of such purpose for the benefit of Lessee's members, their immediate families and children, and invited guests.

6. **Architectural Control Committee; Design Review.**

(a) **Generally.** The design, construction, architectural and landscape plans for the said swimming pool and related facilities shall conform to standards and requirements reasonably imposed by the Architectural Control Committee, provided for by the covenants running with the leased premises. Lessee shall submit to the Architectural Control Committee, for its approval, plans for pool design, landscaping and fencing.

(b) **Signs.** Lessee shall not relocate or add any permanent sign on the premises visible to the public unless and until submitted to and approved by the Architectural Control Committee.

(c) **Alterations and Additions.** Lessee shall have the right to make physical alterations or additions as it deems necessary or advisable, subject to prior approval where indicated by the Architectural Control Committee.

7. **Compliance with Laws.** The design, construction, maintenance and operation of the swimming club and related facilities shall comply with all federal, state, county and municipal statutes, ordinances, rules and regulations.

8. **Utilities.** Lessee shall, at its own expense, provide for all public utilities necessary, including electricity, gas, water, sewage and garbage disposal.

9. **Maintenance.** Lessee shall, at its expense, repair and maintain the leased premises and all buildings and improvements thereon, pool, fencing, landscaping, plumbing, and electric wiring, in good, attractive and wholesome condition. Should said premises and improvements thereon not be maintained by Lessee as provided herein, Lessor shall request Lessee to correct the conditions needing correction. Should correction not be undertaken within thirty days of written notice being given, Lessor may make such corrections at the expense of Lessee and such expenses shall be paid by the Lessee within thirty days of their being incurred; provided, however, either party, prior to the invoking of this provision, may submit the matter to arbitration as hereinafter provided, should there be a dispute between the parties.

SEA 1945102v10 0027773-000026

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10. **Assignment of Memberships in Lessee.** Upon the sale of a house by a member of Lessor having also a membership in Lessee, said member shall have the right to assign his or her membership in Lessee to the purchaser of his or her house.

11. **No Assignment; No Liens.** This Lease shall not be assigned except as security for the repayment of a debt, and the premises shall not be sublet, without the prior consent in writing of Lessor, nor shall the Lease be assignable by operation of law or by any merger or consolidation which would change the ownership or control of the swimming club or the premises leased, except in the foreclosure of any leasehold mortgage or deed of trust given by Lessee as security for the repayment of a debt. Lessee shall not make any contract for construction, repair or improvement on the premises or for any work to be done or material to be furnished without providing in such contract that no Mechanics' or Materialmen's Liens shall be created or shall arise against the premises leased herein. All persons shall be bound by this provision and by the notice thereof from and after the date of this Lease, and notice is hereby given that no Mechanics' or Materialmen's Lien, or any other encumbrance made by or obtained against Lessee or its interest in the premises or the building or improvements thereon shall in any manner or degree affect the title or interest of Lessor in the land and/or the buildings or improvements thereon. Lessee agrees to provide in all contracts that contractors waive all right to Mechanics' or Materialmen's Liens. A copy of such contracts shall, upon executed thereof, be delivered to Lessor.

12. **Lessor's Right of Entry.** Lessor reserves the right to enter upon the leased premises for purposes of inspection thereof at reasonable hours and times, but Lessee shall have exclusive operation and control of the premises and the improvements thereon at all times.

13. **Indemnification.** Lessee shall defend, indemnify, and hold Lessor, its agents, directors, employees, members, and officers, harmless from and against any and all claims, liabilities, and losses, including without limitation attorneys' fees and costs, arising from or relating to Lessee's use of the leased premises under this Lease. Lessee shall defend, indemnify, and hold Lessor, its agents, directors, employees, members, and officers, harmless from and against any and all claims, liabilities, and losses, including without limitation attorneys' fees and costs, arising from or relating to Lessee's violation of any laws, orders, ordinances, and regulations relating to the leased premises.

14. **Insurance.** Lessee shall maintain in full force and effect a policy of public liability insurance with respect to the premises and the operations of Lessee, under which the limits of general liability shall be not less than Two Million Dollars (\$2,000,000) combined single limit, and under which Lessor is an additional insured on a primary noncontributory basis. The policy shall contain a requirement that it shall not be canceled without thirty (30) days prior written notice to Lessor. Lessee shall also maintain casualty insurance on all future capital

SEA 1945102v10 0027773-000026

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improvements made to the leased premises in the amount of their replacement value, naming Lessor as its interest may appear.

15. **Lessee's Right of First Refusal to Purchase.** If, during the term of this Lease, Lessor shall desire to sell the leased premises, then Lessee shall have the privilege of purchasing same for the same price for which Lessor would be willing to sell to any other person; but if Lessee shall not exercise this option within 20 days after notice in writing from Lessor, this option shall terminate.

16. **Termination.**

(a) **Lessee's Breach.** This Lease may be terminated by Lessor in the event of breach of any of the agreements of Lessee herein contained; provided, however, that Lessor shall first give Lessee notice of the alleged breach and permit Lessee to remedy said breach and comply with the Lease within thirty days of such notice.

(b) **Lessee's Failure to Complete Improvements.** This Lease may be terminated by Lessor after March 31, 2022, upon one (1) year's prior written notice to Lessee, if Lessee has exercised its option to extend the term of this Lease but has not substantially completed the construction and installation of the improvements depicted or described in the Facilities Improvement Plan.

(c) **Lessee's Failure to Operate.** This Lease may be terminated by Lessor upon three (3) months' prior written notice to Lessee if Lessee has not operated a community swim club within the premises at any time during the prior eighteen (18) months.

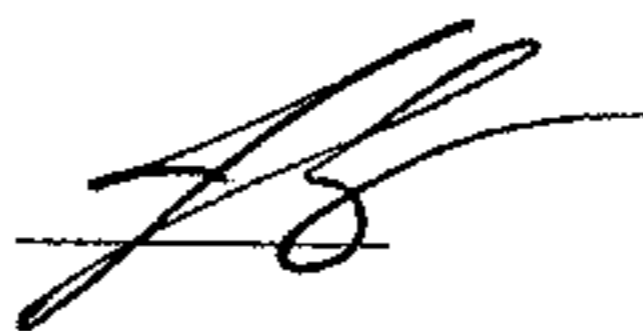
(d) **Bankruptcy or Receivership.** This Lease, at the option of Lessor, shall terminate if voluntary or involuntary bankruptcy proceedings are commenced regarding Lessee or if a receiver or other liquidating officer is appointed to manage Lessee's assets.

(e) **Eminent Domain.** Should all or any portion of the leased premises be taken by exercise of the right of eminent domain, at the option of the Lessee, this Lease shall terminate.

(f) **Unfeasibility.** Lessee shall have the right to terminate this Lease without further obligation on its part on the giving of thirty days' notice thereof, in the event Lessee determines that it is financially or otherwise in any way unfeasible to operate or maintain a community swim club on the premises. In such event, Lessor may take immediate possession of the premises and all improvements and buildings thereon without further liability on the part of either party to the other. If Lessee had commenced but not completed construction of any improvement on the leased premises, it may, at the option of Lessor, be required to complete such construction.

SEA 1945102v10 0027773-000026

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(g) **Ownership of Improvements.** Upon termination of this Lease, all buildings and improvements on the premises shall become the property of the Lessor, who shall receive them in the condition in which they then are without further liability on the part of the Lessee.

17. **Consent to Exchange with City of Bellevue.** Lessee and Lessor hereby agree and consent to the following exchanges between Lessor and the City of Bellevue:

(a) **Land.** An exchange of unimproved land between Lessor and the City, under which the City will grant Lessor ownership of a strip of land currently in Norwood Park approximately 13 feet or more in width east of and adjoining the premises, which thereupon shall become part of the premises, and Lessor will grant the City ownership of a grassy triangular area of land currently within the premises, north of the gravel parking lot within the premises and west of the Norwood Park basketball court, which thereupon shall become excluded from the premises, on such terms as Lessor, Lessee, and the City may approve.

(b) **Parking Easement.** The grant by Lessor to the City of a perpetual nonexclusive access and parking easement for public use within all or any portion of the gravel parking lot within the premises, in exchange for the City's agreement to make such improvements to the parking lot, including without limitation pavement, landscaping, and storm water facility improvements, as Lessor, Lessee, and the City may approve.

Lessee shall bear all City of Bellevue application, environmental review, and permit fees and all reasonable legal, survey, and other expenses incurred by Lessee or Lessor in connection with such exchanges, provided that Lessee has approved each such expense before it is incurred.

18. **Special Benefits to Lessor's Members.** Lessee agrees to perform the following actions for the benefit of Lessor's members during the term of this Lease:

(a) **Reserved Family Memberships.** Reserve until April 30 each year (but until May 31 in year 2007 only) thirty (30) Norwood Swim Club Family Memberships for purchase by Lessor's members, which shall be made available to Lessor's members at the same annual membership fee at which a Norwood Swim Club Family Membership is then available to others. For example, during the 2007 season, the Norwood Swim Club Family Membership annual fee shall be \$525.00 for new members and \$425.00 for returning members, including the \$40.00 work day deposit (that is, if members choose to work the scheduled work day, they will receive a refund of \$40.00).

(b) **Reserved Adult Memberships.** Reserve until April 30 each year (but until May 31 in year 2007 only) thirty (30) Norwood Swim Club Adult Memberships for purchase by Lessor's adult members, which shall be made available to Lessor's members at an

SEA 1945102v10 0027773-000026

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annual membership fee equal to not more than one half (1/2) of the fee at which a Norwood Swim Club Family Membership is then available. Each Norwood Swim Club Village Adult Membership shall entitle up to two (2) adult members per household of Lessor to the use of the swimming pool and other member facilities within the premises during regular membership hours.

19. **Title Insurance.** Lessor shall, at the request and expense of Lessee, apply for and obtain title insurance protecting Lessee hereunder and in regard to its proposed utilization of the leased premises as a nonprofit swimming club.

20. **Notices.** All notices required under the provisions of this Lease shall be delivered by registered mail to the President of the Lessor or Lessee, at his home address.

21. **No Waiver.** Failure of Lessor to insist on strict performance of the agreements herein contained, or any of them, shall not constitute a waiver of Lessor's right thereafter to enforce any term, agreement or condition.

22. **Successors and Assigns.** All the agreements, conditions and undertakings herein contained shall extend to and be binding upon the successors and assigns of the respective parties hereto as if they were in all cases named.

23. **Arbitration.** Should any dispute arise hereunder, the matter may be referred to an arbitrator by either party, who shall be appointed by the Presiding Judge of the Superior Court of King County. The decision of such arbitrator shall be final and binding on the parties hereto. The cost of such arbitration shall be borne by the losing party, or as determined by the arbitrator.

24. **Warranties.** Lessor makes no warranties with respect to its title to the demised premises or with respect to its right to lease said property, other than that this Lease has been duly approved by Lessor pursuant to its Articles and Bylaws.

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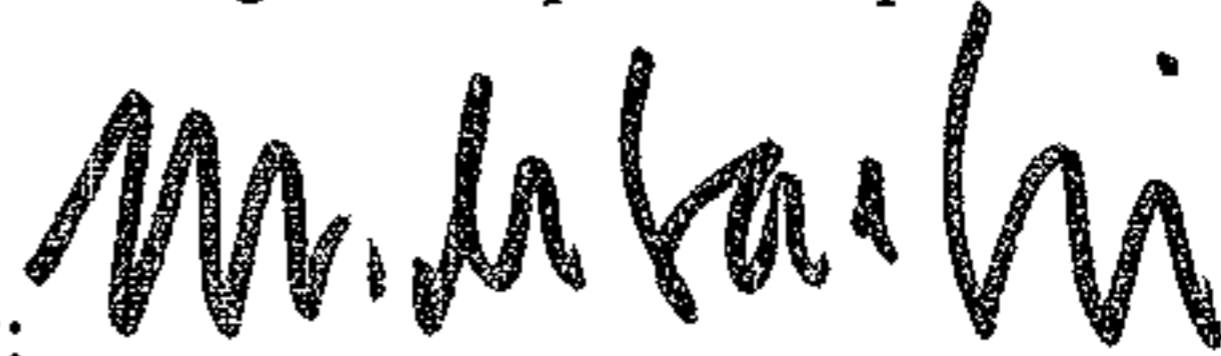
AB

Lessor's Initials:

MD

EXECUTED and delivered as of the date set forth above.

LESSOR: NORWOOD VILLAGE CORPORATION,
a Washington nonprofit corporation

By: 
Marco de Sa e Silva
Its President


LESSEE: COMMUNITY SWIM CLUB (a/k/a
Norwood Swim Club), a Washington
nonprofit corporation


By: 
John Gregoy
Its President

EXHIBITS:

A - Drawing

SEA 1945102v10 0027773-000026

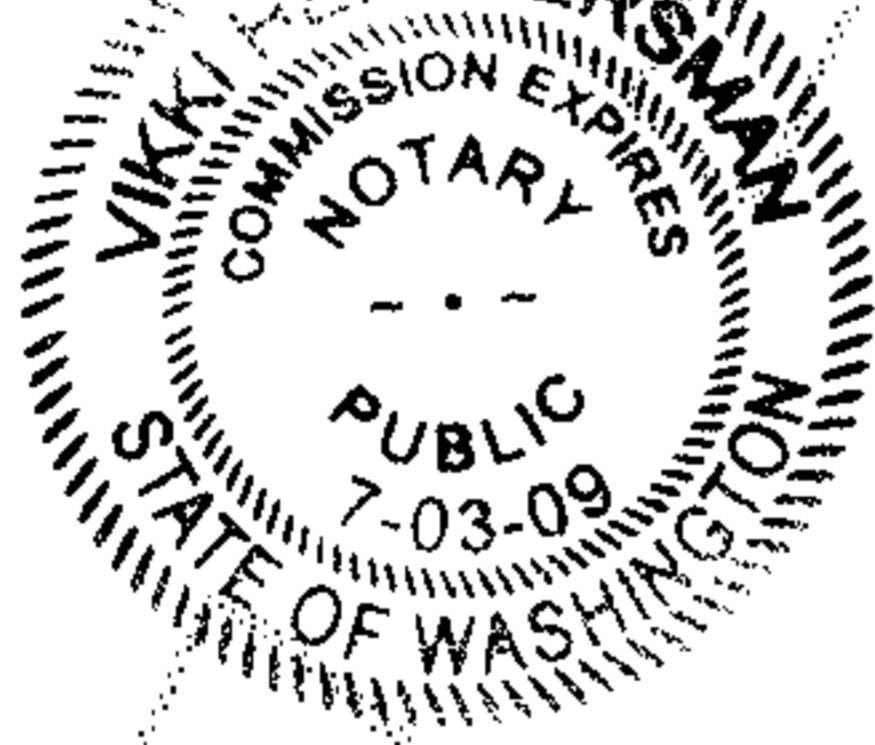
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Lessor's Initials: 

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 23rd day of April, 2007, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared MARCO DE SA E SILVA, to me known to be the President of NORWOOD VILLAGE CORPORATION, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

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

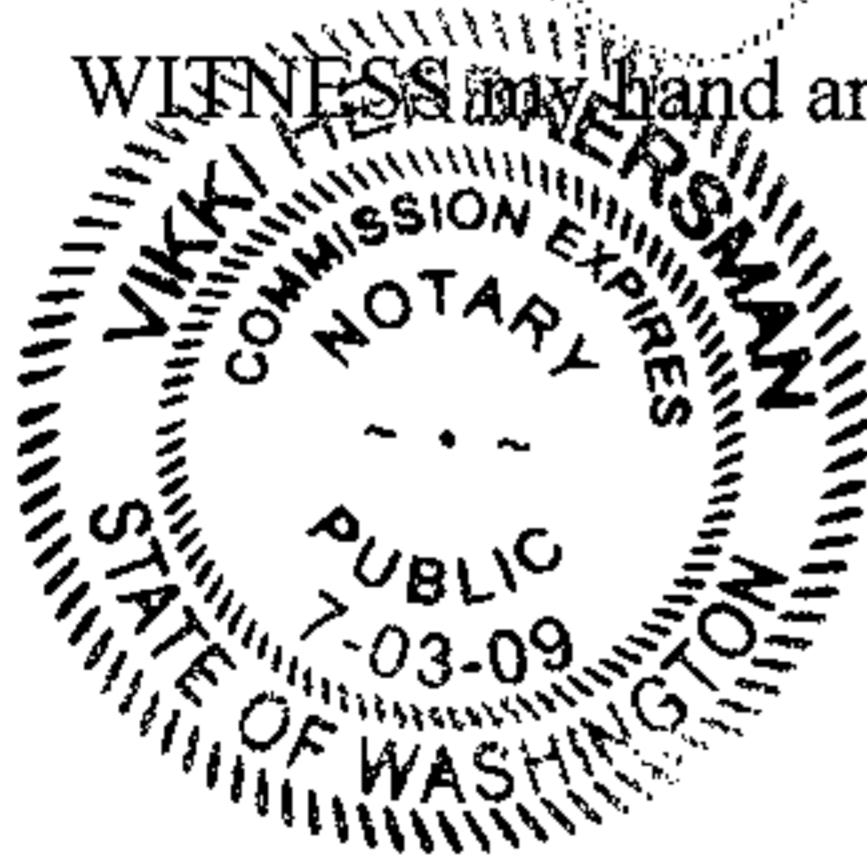


Vikki Herbersman
NOTARY PUBLIC in and for the State of
Washington, residing at Stanwood, WA
Print Name: Vikki HERBERSMAN

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 23rd day of April, 2007, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared JOHN GREGOV, to me known to be the President of COMMUNITY SWIM CLUB, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

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



Vikki Herbersman
NOTARY PUBLIC in and for the State of
Washington, residing at Stanwood, WA
Print Name: Vikki HERBERSMAN

SEA 1945102v10 0027773-000026

Lessee's Initials: [Signature]

Lessor's Initials: MD

