

MGM PROPERTIES, LLC

December 10, 2019

BOARD OF DIRECTORS MEETING

Purpose: Annual meeting to elect Directors/Officers

Outline lease for Lighting Supply, Inc. Jan. 2020 - Dec. 2022

Attending: Mark Munday, Catherine Munday

Subject: Election of Officers/Directors; set lease amount for Lighting Supply, Inc.

Subject: Election of Officers

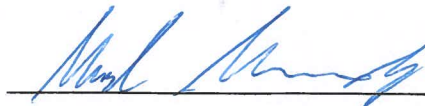
Mark Munday President/Treasurer

Catherine Munday Vice President/Secretary

Subject: 3 yr. lease for Lighting Supply, Inc.

Decision was made to keep the rent the same (\$11,006.72) for the first year 2020; and begin calculating the annual adjustments Jan. 2021.

Meeting adjourned



Dated: 12-10-2019

Mark Munday/Member



Dated: 12-10-2019

Catherine Munday/Member

COMMERCIAL PROPERTY LEASE

THIS LEASE is entered into this 21st day of June, ~~2010~~ ²⁰¹¹, between MGM Properties, LLC, a Washington Limited Liability Company, hereinafter called "Landlord", and Lighting Supply, Inc., a Washington corporation, hereinafter called "Tenant". The terms and conditions of this lease agreement are as follows:

1. **Premises.** The Landlord does hereby lease to Tenant the following described premises, situated in King County, State of Washington, and legally described as follows:

Lots 5 and 6, Block 19, Bell and Denny Addition, Seattle, King County, Washington.

Said premises consists of a commercial building and lot, located at the common address of: 2729 Second Avenue, Seattle, Washington 98121.

2. **Term.**

A. **Initial Term.** The initial term of this lease shall be for three (3) years and shall commence on the 1st day of January, 2011, and shall end on the 31st day of December, 2013, inclusive.

B. **Option to Extend.** Tenant shall have the option to extend the term of this lease for an additional term of three (3) years, commencing on January 1, 2014 and ending on December 31, 2017. Such option may be exercised by prior written notice of intent to exercise such option, signed by Tenant and delivered to Landlord no later than 60 days prior to the expiration of the initial term. The option to extend hereunder is not assignable, and may not be exercised unless Tenant is current in payment of all rents and fees due hereunder at the time of exercise of said option. However, should Tenant, during the initial term of this lease, have a history of delinquent payments hereunder, with more than two (2) monthly rent payments received more than twenty (20) days after the due date for such payment, then landlord shall have the right to reject Tenant's attempted exercise of its option to extend hereunder, with written notice of rejection delivered to Tenant within twenty (20) days of receipt of Tenant's notice of intent to exercise its option to extend.

3. **Early Termination.** Tenant shall have the option to terminate this lease in the event the property containing the Premises is sold by Landlord (the "Termination Option") during the Term of this lease, or during the renewal term of this lease (if Tenant's option to extend is exercised). This Termination Option is exercisable in accordance with the following terms and conditions:

A. **Landlord Notification of Sale.** Upon mutual execution of a contract to sell the property containing the Premises, Landlord shall notify Tenant in writing of the pending sale ("Notice of Sale").

B. Notice of Termination. For a period of thirty (30) days after receipt of Landlord's Notice of Sale, Tenant may elect to terminate this lease prior to expiration of the Term or any renewal term. Tenant shall provide written notice of its intent to terminate the lease ("Notice of Termination") to Landlord, if Tenant elects to terminate, within thirty (30) days after receipt of Landlord's Notice of Sale. Tenant shall have up to twelve months after Landlord's receipt of Tenant's Notice of Termination in which to find new premises and relocate. If Landlord's Notice of Sale is given less than twelve months before the expiration of the Term of this lease, or of the renewal term (if the option to extend is exercised by Tenant), Tenant shall have until the expiration date of the Term, or of the renewal term if the option to extend has been exercised, in which to relocate and move from the Premises. The end of Tenant's relocation period shall be the Termination Date of this lease.

C. Failure to Close. If Landlord's sale transaction fails to close for any reason prior to expiration of Tenant's twelve month relocation period, Landlord shall immediately notify Tenant in writing of the failure to close. In the event of the failure to close Landlord's sale transaction, Tenant shall have the right to remain as a Tenant of the Premises, at Tenant's election, and Tenant shall provide notice to Landlord that Tenant's Notice of Termination is retracted and withdrawn ("Notice of Retraction"). Upon Tenant's transmission of a Notice of Retraction to Landlord, Tenant's prior Notice of Termination shall be null and void. Tenant shall provide its Notice of Retraction to Landlord within 30 days after Tenant receives Landlord's notification that Landlord's sale transaction has failed to close.

D. Terms. If Tenant timely and properly exercises this Termination Option, (i) all rent payable under this lease shall be paid through and apportioned as of the Termination Date; (ii) neither party shall have any rights, estates, liabilities, or obligations under this lease for the period accruing after the Termination Date, except those which, by the provisions of the lease, expressly survive the expiration or termination of the Term of the lease; and (iii) Tenant shall surrender and vacate the Premises and deliver possession thereof to Landlord on or before the Termination Date in the condition required under this lease for surrender of the Premises.

E. Termination. The Termination Option shall automatically terminate and become null and void upon the earlier to occur of (i) the termination of Tenant's right to possession of the Premises; (ii) the assignment by Tenant of this lease, in whole or in part; (iii) the sublease by Tenant of all or any part of the Premises demised under this lease; or (iv) the failure of Tenant to timely or properly exercise this Termination Option.

4. Rent.

A. Base Rent. The agreed amount of base rent for said premises shall be Ten Thousand Dollars (\$10,000.00) per month, payable on the 15th day of each calendar month of the lease term, payable to Landlord.

B. Annual Adjustment. The monthly base rent specified in Paragraph 4(A) above shall be adjusted annually for inflation, as reflected by increases in the Consumer Price Index, All

Urban Consumers, U.S. City Average - all Items (1982-1984 = 100) (the "CPI"). The change for the second year of the lease term shall be computed by adding to the monthly rental an amount equal to the immediately prior year's monthly rental times the percentage increase in the CPI during the immediately prior lease year. The monthly rental for years after the second year of the lease term and during any subsequent years of an extended term hereunder shall be calculated using the preceding year as the base, and adjusting by the change in the CPI during the immediately prior twelve (12) month period. All adjustments shall be made for the annual changes to go into effect as of the anniversary of the start of the lease term herein. Any annual adjustment to increase or decrease base rent as a result of the change in the CPI during the immediately prior twelve (12) month period shall not exceed five percent (5%) for any one (1) lease year.

5. **Security Deposit.** There is no security deposit under the lease.

6. **Utilities.** Tenant shall pay promptly when due all charges for water, sewer, garbage disposal, telephone, electricity, cable, heat, gas, power and any other utilities or services and like charges, including any fire protection charge, furnished to or consumed upon the leased premises, whether separately metered or prorated by Landlord. Landlord shall not be liable for any failure or interruption of utility service to the premises, unless such failure is caused by the negligence of Landlord, or Landlord's agents or employees.

7. **Taxes and Assessments.**

A. Tenant shall pay all real estate, leasehold and personal property taxes and assessments on the premises before delinquency.

B. Landlord shall provide to Tenant, upon receipt, all documents and notices concerning change in amount of any taxes or assessments relating to the premises. Tenant, at Tenant's expenses, may contest any such real property taxes or assessments in any manner permitted by law, in Tenant's name, and, whenever necessary and required by law, in Landlord's name. Landlord shall cooperate with Tenant and execute any documents or pleadings required for such purposes.

8. **Condition and Repairs.**

A. Condition of premises. No warranties or representations concerning the condition or suitability of the premises for intended uses have been made by Landlord or Landlord's agents.

B. Tenant's Obligation to Repair. Tenant shall, at its own expense, at all times keep the premises in good repair, and maintained.

9. **Hazardous Substances.**

A. Tenant agrees to comply with all applicable air and water pollution control and prevention laws, regulations and state and federal air pollution and water pollution control agencies'

recommendations in the maintenance of all facilities located on the leased premises. Tenant agrees to comply with all federal and state laws and regulations regarding hazardous waste or substances. In the event of any unlawful discharge by Tenant or Tenant's agents of hazardous or toxic substances on or to the premises, after execution of the lease, Tenant shall immediately notify Landlord, respond as required by law, and restore the premises to its previous condition. After the termination of this lease for any reason, Tenant shall remove all hazardous and toxic materials, and containers for those materials, from the premises. Landlord shall be responsible for any hazardous waste or toxic substances on the premises as of the commencement date of the lease.

B. Tenant shall indemnify, defend and hold harmless the Landlord, its successors and assigns, from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including without limitation any and all sums paid for settlement, claims, attorneys fees, consulting and expert fees) arising after the commencement of the lease term, related to or in connection with the presence or suspected presence of hazardous or toxic substances or materials ("hazardous substances") in or on the premises, to the extent the hazardous substances are present as a result of the negligence, willful conduct or other acts of Tenant, Tenant's agents, employees, contractors or invitees, or which are present because the hazardous substances were physically placed upon the premises during the term of the lease. Without limitation of the foregoing, this indemnification shall include any and all costs incurred due to any investigation of the site or any clean-up, removal or restoration mandated by any federal, state or local agency or political subdivision. This indemnification shall specifically exclude any and all cost due to hazardous substances that flow, defuse, or migrate or percolate into, onto or under the premises from off the premises after the term this lease commences. This indemnification shall also specifically exclude all obligations relating to the presence or suspected presence of hazardous substances in or on the premises to the extent present at the commencement of the lease term.

10. Insurance Policies; Indemnification.

A. Liability Insurance. During the lease term, Tenant shall maintain a policy of commercial general liability insurance (sometimes known as broad form comprehensive general liability insurance) insuring Tenant against liability for bodily injury, property damage (including loss of use of property) and personal injury arising out of the operation, use or occupancy of the property. Tenant shall name Landlord as an additional insured under such policy.

B. Property Insurance. During the lease term, Landlord shall maintain policies of insurance loss of, or damage to, the property in the full amount of its replacement value.

C. Payment of Premiums. Tenant shall pay all premiums for the insurance policies described in Paragraphs 10(A) and 11(B).

D. General Insurance Provisions.

(i) Any insurance Tenant is required to maintain under this lease shall include a provision requiring the insurance carrier to give Landlord not less than thirty (30) days written notice prior to any cancellation or modification of such coverage.

(ii) If Tenant fails to deliver any policy, certificate or renewal to Landlord required under this lease within the prescribed time period or if any such policy is cancelled or modified during the lease term without Landlord's consent, Landlord may obtain such insurance, in which case Tenant shall reimburse Landlord for the cost of such insurance within fifteen (15) days after receipt of a statement that indicates the cost of such insurance.

(iii) Unless prohibited under any applicable insurance policies maintained, Landlord and Tenant each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, if such loss or damage is covered by any insurance policy in force (whether or not described in this lease) at the time of such loss or damage. Upon obtaining the required policies of insurance, Landlord and Tenant shall give notice to the insurance carriers of this mutual waiver of subrogation.

(iv) Indemnification of Landlord. Landlord shall not be liable for any loss or injury to persons or damage to property, in or about the premises, from any cause, which at any time may be suffered by Tenant or by its invitees or employees or agents, except to the extent said damage is caused by the active negligence and/or willful misconduct of Landlord, its agents or employees. Except as limited herein as to Landlord's own negligence, Tenant agrees to indemnify and save Landlord, its employees and its agents, harmless from any and all claims and expenses, including reasonable attorney fees and costs, and litigation-related expenses arising out of injury or damage, however occurring, on or about the premises.

11. **Assignment and Subletting.** Tenant shall not either voluntarily or by operation of law assign, sell or otherwise transfer this lease or any of Tenant's rights hereunder, or sublet the premises or any portion thereof without Landlord's written consent in each instance, which shall not be unreasonably denied. If Tenant is a corporation or association, the sale or assignment of any stock or interest in such corporation or association (for other than security purposes) in the aggregate in excess of fifty percent (50%) in any two year period, shall be deemed an assignment within the meaning and provisions of this section. Tenant agrees to reimburse Landlord for Landlord's reasonable costs and attorney fees incurred with the documentation of such assignment, subletting or other transfer of this lease or Tenant's interest in and to the premises.

12. **Liens and Encumbrances.** Tenant agrees that it will pay all costs for work done or caused to be done by it on the premises, and Tenant will keep the premises free and clear of all mechanic's and other liens on account of work done for Tenant or persons claiming under Tenant. Should any claim of lien be filed against the premises or any action affecting the title to such property be commenced, the party receiving notice of such lien or action shall promptly give the other party written notice thereof. In the event a dispute between Tenant and a third party having lien rights arising from work performed for Tenant results in litigation to enforce such lien right in which Landlord or any party deriving rights from Landlord is named a party defendant, defense of such action shall, at Landlord's option immediately be assumed by Tenant. Tenant shall appear and defend Landlord and any parties deriving interest through Landlord or shall pay any costs or attorney's fees incurred by Landlord or parties deriving interest through Landlord in respect to their own defenses to

such action and shall indemnify and hold Landlord and parties deriving interest through Landlord harmless from any judgment arising out of such litigation.

13. **Surrender of Premises.**

A. Surrender of Premises. Tenant shall promptly surrender possession of the premises to Landlord upon the expiration or prior termination of the lease. The premises shall be surrendered in the same condition as it was at the commencement of the lease term, normal wear and tear excepted, damages covered by insurance excepted, and acts of God or the elements excepted.

B. Holding Over. Any holding over by Tenant after the expiration or termination of the lease shall be construed to be a tenancy for a month-to-month, on all of the terms and conditions set forth herein, to the extent not inconsistent with a month-to-month tenancy. During such tenancy, the Tenant agrees to pay the rental amounts set forth herein, unless a different rate is agreed upon.

C. Sub-Tenancies. The voluntary or other surrender of this lease by Tenant, or a mutual cancellation thereof, terminate all and any existing subtenancies, or may at the option of Landlord, operate as an assignment to it of any and all such subtenancies.

14. **Default.** The occurrence of any one or more of the following events shall constitute breach of this lease by Tenant:

A. Failure to Pay Rent. The failure by Tenant to make any payment of rent, adjustments or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof by Landlord to Tenant.

B. Failure to Perform. The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this lease to be observed or performed by Tenant, other than payment of rent, where such failure shall continue for a period of thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

C. Bankruptcy. The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or by the filing by or against Tenant of a petition to have Tenant adjudged bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days filing); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located at the premises or of Tenant's interest in this lease, where such seizure is not discharged in thirty (30) days after appointment of said trustee or receiver, or the filing of a petition for the appointment of the same, whichever shall first occur.

15. **Remedies in Default.** In the event of any such default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach; pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of Washington, including but not limited to the right to bring an unlawful detainer action, or an action to recover damages for any default, and the right to assess against Tenant an amount equal to the attorney fees incurred by Landlord in collecting any rent or other payment due hereunder, which amount shall be due in full within ten (10) days of Tenant's receipt of the assessment by Landlord.

A. **Late Charges.** In addition to all other remedies available for nonpayment, if the amount due from Tenant is not received by Landlord on or before the twentieth (20th) day following the date upon which such amount is due and payable, a late charge of five percent (5%) of said amount owed shall become due and payable as additional rent hereunder, which represents a fair and reasonable estimate of the processing and accounting costs that Landlord will incur by reason of such late payment. Unpaid installments of rent or other sums due to Landlord under this lease which are not fully paid within thirty (30) days of the due date thereof shall bear interest at the annual rate of eight percent (8%) per annum from the due date thereof until payment is received.

16. **Default by Landlord.** If Landlord shall be in default for more than thirty (30) days after receipt of Tenant's notice specifying such default, Tenant may incur any expense necessary to perform any obligation of Landlord specified in such notice and deduct such expense from any sums payable by Tenant under this lease thereafter to become due or pursue any other remedy available at law, equity or by statute, including but not limited to, damages and/or the right to terminate the lease. Provided, however, if Landlord's obligation is such that more than thirty (30) days are required for its performance, Landlord shall not be deemed in default if it commences such performance within such thirty (30) day period and diligently prosecutes the same to completion.

Irrespective of anything contained in this Section 16, Tenant may not deduct any expenses against any sums payable by Tenant to Landlord under this lease unless Tenant gave Landlord at least thirty (30) days notice in writing of the default and Tenant's intention to incur expense to cure said default. In any event, Tenant may only deduct the reasonable cost of curing said default. Provided, further, Tenant's inability to deduct said expense against any sums payable by Tenant to Landlord under this lease shall not affect any other right or remedy of Tenant.

17. **Miscellaneous.**

A. **Waivers.** No waiver by Landlord of any provision of this lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant, whether or not similar to the act so consented to or approved.

B. **Notices.** All notices under this lease shall be in writing and delivered in person or deposited in the United States mail, certified and postage prepaid and addressed to the

address of Tenant or Landlord shown below or at such other address as may be designated by either in writing.

Landlord's Address:

2910 W. Eaton Street
Seattle, WA 98199

Tenant's Address:

2729 Second Avenue
Seattle, WA 98121

C. Interest on Past Due Obligations. Any amount due from Tenant to Landlord hereunder which is not paid when due shall bear interest at the rate of eight percent (8%) per annum from the date due until paid, but the payment of such interest shall not excuse or cure any default by Tenant.

D. Construction.

1. This lease shall be construed and governed by the laws of the State of Washington;
2. The invalidity or unenforceability of any provision hereof shall not affect or impair any other provision hereof;
3. The lease constitutes the entire agreement of the parties and supersedes all prior agreements or understandings between the parties with respect to the subject matter hereof;
4. This lease may not be modified or amended except by written agreement signed and acknowledged by both parties;
5. Time is of the essence of this lease in each and every provision thereof;

E. Successor. Subject to any limitations on assignments herein, all of the provisions of this lease shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

F. Costs and Attorneys Fees. If by reason of any breach or default on the part of either party hereto it becomes necessary for the other party hereto to employ an attorney, then the non-breaching party shall have and recover against the other party in addition to costs allowed by law, reasonable attorney's fees and litigation-related expenses. The non-breaching party shall be entitled to recover reasonable attorney's fees and costs and expenses, as provided above, regardless of whether litigation is actually commenced.

G. Jurisdiction and Venue. The parties hereto do hereby consent to jurisdiction and venue of the Superior Court of King County, State of Washington.

18. **Unlawful Detainer.** In the event of a failure to pay rent or other failure to perform hereunder by Tenant, Landlord shall be entitled to commence eviction proceedings under the unlawful detainer statute.

19. **Corporate Authority.** If Tenant is a corporation, limited liability company, a partnership, or other entity, each individual executing this lease on behalf of said entity or partnership represents and warrants that he is duly authorized to execute and deliver this lease on behalf of said entity or partnership, in accordance with a duly adopted resolution authorizing and consenting to this lease; authorizing the specific officers or partners signing this lease to execute, acknowledge and deliver the same without the consent of any other persons; and resolving that this lease is fully binding upon said entity or partnership in accordance with its terms.

20. Guaranty - Tenant's Shareholder will execute and deliver a Guarantee of Tenant's Lease obligations in the form provided by Tenant's counsel.

DATED: June 21st, 2011.

MM 6-21-11

MSM

LANDLORD:

MGM PROPERTIES, LLC

By Mark Munday 6-21-11
Mark Munday, Member

By Mitchell Munday, POA/T
Marjorie Munday, Member
By Mitchell Munday, P.O.A./Trustee

TENANT:

LIGHTING SUPPLY, INC.

By Mark D. Munday 6-21-11
Mark D. Munday, President