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## JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT ("this Agreement") is made and entered into as of this 26th day of June, 1984 by and between Washington State Association of Counties ("WSAC"), a Washington not-for-profit corporation, and Washington Association of County Officials ("WACO"), a Washington not-for-profit corporation.

### RECITALS

A. WACO owns certain real property situated in the City of Olympia, County of Thurston, Washington, as more particularly described in Exhibit A attached hereto, together with all buildings and improvements located thereon ("the Property").

B. Upon formation of a joint venture between WACO and WSAC as hereinafter described, WACO will contribute the Property to the proposed joint venture.

C. The parties hereto propose to enter into a joint venture to develop, own and occupy on the Property a building and other improvements described in Exhibit B attached hereto ("the Building").

NOW, THEREFORE, in consideration of mutual promises contained herein, the parties hereto agree as follows:

### ARTICLE I

#### FORMATION, PURPOSES, DURATION

##### Section 1.1 Formation and Name

###### 1.1.1 Formation

The parties hereto (jointly "the Venturers" and individually a "Venturer" identified as the context may require) hereby enter into and form a joint venture ("the Venture") for the limited purposes and scope set forth in this Agreement. The Joint Venture shall be governed by the Washington Uniform Partnership Act (RCW 25.04), as from time to time amended, except as expressly provided herein to the contrary.

###### 1.1.2 Name

The name of the Venture shall be The Washington Counties Building; the business of the Joint Venture shall be conducted solely under such name, and all assets of the Joint Venture shall be held under such name.

###### 1.1.3 Assumed Name Certificate

The parties hereto shall promptly execute and acknowledge an assumed name certificate and cause the same to be published and filed in accordance with RCW 19.80.

##### Section 1.2 Purpose and Scope of the Venture

###### 1.2.1 Property and Improvements

Contemporaneously with or within a reasonable time following the execution of this Agreement, WACO shall transfer or cause to be transferred to the Venture the Property, together with all rights, appurtenances, easements, rights-of-way and other interests appertaining to the Property.

###### 1.2.2 Purposes

The only purposes of the Venture are: (a) to acquire, own, develop, construct, lease, operate and manage the Building, (b) to lease, sell or otherwise transfer or dispose of the Building, or any part thereof or interest therein, when and to the extent expressly permitted by this agreement and (c) to engage in such other activities as are reasonably incidental to the foregoing.

### Section 1.3 Scope of Venturers' Authority

Except as otherwise expressly and specifically provided in this Agreement, neither Venturer shall have any authority to bind or act for, or assume any obligation or responsibility on behalf of, the other Venturer or the Venture. Neither the Venture nor either Venturer, jointly or severally, shall be responsible or liable for any indebtedness or obligation of the other Venturer or for any indebtedness or obligation relating to the Property, whether incurred or arising before or after the execution of this Agreement, except as to those joint responsibilities, liabilities, indebtedness and obligations incurred after the date hereof pursuant to and as limited by the terms of this Agreement. This Agreement shall not be deemed to create a general partnership between the Venturers with respect to any activities whatsoever other than activities within the scope and business purposes of the Venture specified in Subsection 1.2.2

### Section 1.4 Principal Place of Business

The principal place of business of the joint Venture shall be initially located at the principal office of WACO and shall be removed to and located in the Building upon completion thereof.

### Section 1.5 Term

The term of the Venture shall commence as of the date set forth above and shall continue, unless sooner terminated in accordance with other provisions of this Agreement, for so long as the Venture holds any interest in or has any obligations relating to the Building, or until the Venturers agree to its termination; but neither Venturer shall have the right to, and each Venturer hereby agrees not to, withdraw from the Venture or to dissolve, terminate or liquidate, or to petition a court for the dissolution, termination or liquidation, of the Venture, except as provided in this Agreement, and neither Venturer at any time shall have the right to petition or to take any action to subject the Venture assets or any part thereof to the authority of any court of bankruptcy, insolvency, receivership or similar proceeding.

## ARTICLE II

### CAPITAL CONTRIBUTIONS, FINANCING AND DISTRIBUTION

#### Section 2.1 Venture Interest and Capital Accounts

##### 2.1.1 Percentage Interests; Allocations of Profit and Loss

The Venturers shall have the following undivided percentage interests in the Venture:

WSAC	50%
WACO	50%
Total	100%

The respective share of each Venturer in all Venture income and expenses and each item thereof, including depreciation and investment tax credits, shall be allocated to the Venturers in accordance with their percentage interests, unless a special allocation is determined to be preferable by the Management Committee. Once capital contributions are equalized, each Venturer shall have a 50% interest in the capital of the Venture.

#### 2.1.2 Adjustments

Unless otherwise agreed by both Venturers, no adjustment to the percentage interest of either Venturer shall be made except as a result of a transfer of a Venturer's percentage interest or any portion thereof pursuant to Article VI.

#### 2.1.3 Capital Accounts Defined

"Capital account," as used herein, shall mean and refer to the capital account of a Venturer in the Venture reflecting the value of each contribution of such Venturer to the capital of the Venture as of the date of such contribution. A capital account, as defined herein, shall be maintained for each Venturer and shall be increased by the capital contributions of such Venturer pursuant to Section 2.5 and adjusted by other provisions of this agreement, as applicable.

### Section 2.2 Capital Contributions by WACO

#### 2.2.1 Contribution of Property and Improvements

Contemporaneously with or within a reasonable time following the execution of this Agreement, WACO shall convey or cause the Property, the initial cost of which was \$253,401.50, and on which an encumbrance of \$170,682.82 remains as of 31 May 1984, to be conveyed to the Venture, subject only to such liens, encumbrances and other matters affecting title as are acceptable to the Management Committee.

#### 2.2.2 Title Insurance

At the time of such conveyance of the Property, the Venture shall obtain an ALTA extended coverage owner's title insurance policy insuring fee simple ownership of the Property by the Venture and providing for simultaneous coverage to an after-designated mortgage lender, subject only to the liens, encumbrances and other matters affecting title acceptable to the Management Committee. Such title insurance shall be in an amount sufficient at all times to insure the Venturer's full insurable interest in the Property, as determined and approved by the Management Committee. The cost of all such title insurance, escrow fees (if any) and recording fees incurred in connection with the aforesaid conveyance shall be paid by WACO. The cost of any documentary or transfer taxes shall be paid by WACO.

#### 2.2.3 Further Contribution by WACO

Within a reasonable time following the execution of this agreement, WACO shall make an initial capital contribution of \$50,000.00 in cash.

#### 2.2.4 Credit for Prior Expenditures by WACO

To date WACO has expended \$27,789.51 in furtherance of the Venture, and said amount is hereby deemed a capital contribution.

### Section 2.3 Capital Contributions by WSAC

### 2.3.1 Initial Contribution by WSAC

WSAC shall make an initial capital contribution of \$236,174.59 in cash by 31 January 1985.

### 2.3.2 Credit For Prior Expenditures by WSAC

To date WSAC has expended \$8,047.46 in furtherance of the Venture, and said amount is hereby deemed a capital contribution.

## Section 2.4 Capital Accounts At Formation

Immediately following formation of the Venture and making of the capital contributions by the Venturers provided in Sections 2.2 and 2.3, the capital account of each Venturer shall be as follows:

WSAC \$244,222.05

WACO \$160,508.19

Total \$404,730.24

## Section 2.5 Additional Capital Contributions

### 2.5.1 General

To the extent the Venturers require funds in addition to the capital contributions provided for above, the Venturers agree to make additional capital contributions from time to time in accordance with the provisions herein and in the same percentages as their percentage interests set forth in Subsection 2.1.1 (except that the Management Committee may require that such additional contributions shall, if the capital accounts of the Venturers be unequal, be adjusted so that after making such additional contributions the capital accounts will be equal or more nearly equal to the extent determined by the Management Committee in its discretion) and in such amounts as are sufficient to enable the Venture to carry out the purposes of this Agreement. If additional capital contributions are not required and the Venturers have unequal capital accounts, a Venturer may voluntarily make an additional capital contribution in any amount not to exceed the amount required to equalize the capital accounts, but any amount may be so contributed if it is to be used exclusively for debt service.

### 2.5.2 Notice by Management Committee

If additional capital contributions be required to be made pursuant to this Section 2.5, the Management Committee, (as defined in Subsection 3.1.1) shall give notice to each Venturer in the manner provided in Section 10.2. Such notice shall specify in reasonable detail the amount and purpose of any such additional capital contributions. Each Venturer shall, within thirty (30) days of the receipt of such notice from the Manager, deposit the additional capital contribution required by such notice with the Manager (as defined in Subsection 3.1.2.).

### 2.5.3 No Third Party Rights

The right of the Venture or the Venturers to require any additional contributions under the terms of this Agreement shall not be construed as conferring any rights or benefits to or upon any party not a party to this Agreement, including but not limited to any tenant of any part of the Building or the holder of any obligations secured by a mortgage, deed of trust, security

interest or other lien or encumbrance upon or affecting the Venture or any interest of a Venturer therein or the Property or Building or any part thereof or interest therein.

## Section 2.6 Cash Distributions to Venturers from Project Cash Flow

### 2.6.1 Definition of Net Cash Flow from Operations

"Net cash flow from operations" of the Venture shall consist of the total cash receipts from operations of the Venture during a calendar year, less all cash disbursements and less reserves reasonably required for the business of the Venture as approved by the Management Committee (as defined in Subsection 3.1.1).

### 2.6.2 Distributions

When net cash flow from operations is available, the Manager (as defined in Subsection 3.1.2) may distribute the net cash flow at the end of each calendar year to the Venturers in accordance with their percentage interests. Either Venturer, without approval of the other, may elect to receive credit to its capital account in lieu of a cash distribution, to the extent that the capital accounts are not yet equal.

## Section 2.7 Proceeds from Sale or Financing and Profits on Sale

The gross proceeds from any sale, non-construction mortgage, hypothecation, assignment, condemnation or other transfer or disposition of the Building or of any interest therein shall be distributed to the Venturers in the manner described in Subsection 7.4.5.

## Section 2.8 Sale of Venture Interest to Other Venturer

When a Venturer sells its interest to the other Venturer, the amount to be paid by the purchasing Venturer to the selling Venturer shall be determined as follows:

(a) The net fair market value shall be determined pursuant to Article VIII;

(b) The positive balance, if any, in each of the Venturer's capital accounts shall be subtracted from said value, to arrive at "net profit;"

(c) The net profit shall be divided between the Venturers according to their percentage interests; and

(d) The remaining Venturer shall pay to the selling Venturer an amount which is the sum of the selling Venturer's positive capital account balance and the selling Venturer's share of the net profit.

## Section 2.9 Withdrawals of Capital

Except as otherwise provided herein, no portion of the capital of the Venture may be withdrawn at any time without the approval of both Venturers. Upon termination of the Venture, the Venturer's capital shall be distributed pursuant to Section 7.4.

## ARTICLE III

### MANAGEMENT

## Section 3.1 Management of the Venture

### 3.1.1 Management Committee

The overall management and control of the business and affairs of the Venture shall be vested in a management committee ("the Management Committee"). Except where herein expressly provided to the contrary, all decisions with respect to the management and control of the Venture that are approved (as defined herein) by the Management Committee shall be binding on the Venture and on each of the Venturers. The Management Committee of the Venture shall be composed of ten (10) representatives selected by the Venturers in proportion to their percentage interests. The phrases "approved by the Management Committee" and "approval of the Management Committee" used in this Agreement refer only to approval in writing by the Venturers acting through their representatives on the Management Committee designated pursuant to this Subsection 3.1.1. The Management Committee shall adopt rules of procedure governing its conduct of affairs consistent with this agreement and with the Uniform Partnership Act.

### 3.1.2 The Manager

The Venture shall have a manager ("the Manager") who shall be designated pursuant to Subsection 3.2.1. The Manager shall be responsible for implementation of the decisions of the Management Committee and for conducting the ordinary and usual business and affairs of the the Venture referred to in Subsection 3.2.2. The Management Committee shall require that the Manager shall at all times conform to policies and programs established by the Management Committee and that the scope of the Manager's authority be limited to said policies and programs. The acts of the Manager shall bind the Venturers and the Venture when within the scope of this Manager's authority. The Manager shall at all times be subject to the direction of the Management Committee, shall keep the Management Committee informed as to all matters of concern to the Venture and shall serve at its pleasure.

### 3.1.3 Decisions of Both Venturers

The following decisions require approval of both Venturers:

(a) Acquisition of any land or other real property or interest therein;

(b) Subsequent to initial construction, sale or other transfer of, mortgage of, or the placing or suffering of any other encumbrance on or affecting the Building or any part or parts thereof and;

(c) Capital expenditures (including but not limited to major remodeling) in excess of ten thousand dollars (\$10,000) in any calendar year.

### 3.1.4 Decisions of the Management Committee

The following decisions require approval by six members of the Management Committee:

(a) Initial financing of the Venture or any assets of the Venture, including without limitation the acquisition of the Property, the construction of the Building, interim and long-term financing of the Building and financing of the Venture;

(b) Execution of any leases, use of any form or forms

leases of space in the Building, except as expressly delegated to the Manager by the Management Committee;

(c) The making of any repairs, alterations or changes normally associated with operations and maintenance, except for such matters as may be expressly delegated to the Manager by the Management Committee;

(d) Approval of any construction or architectural contracts, plans, specifications or drawings pertaining to the construction or alteration of the Building or of any portion thereof or addition thereto, or any modification of any such contract, plan or drawing or specification, except as expressly delegated in writing to the Manager by the Management Committee;

(e) Approving the Budget (as defined in Section 3.3);

(f) Making any expenditures or incurring any obligation by or on behalf of the Venture involving a sum in excess of \$500.00 except for expenditures made and obligations incurred pursuant to and specifically set forth in a Budget previously approved by the Management Committee;

(g) Making any expenditure or incurring any obligations which when added to the other expenditures for the fiscal year of the Venture exceeds the Budget (as defined in Section 3.3);

(h) Retention of counsel for the Venture or institution of any legal action, except as the Management Committee may in writing expressly authorize the Manager;

(i) Allocation of space within the Building; and

(j) Any other decision or action which by any provision of this Agreement is required to be approved by the Management Committee or which may materially affect the Venture or the assets or operation thereof.

### Section 3.2 Appointment of Manager; Duties and Authority of Manager

#### 3.2.1 Appointment of Manager

The Executive Directors of WSAC and WACO are hereby jointly appointed as the initial Manager of the Venture. Their unanimous act shall be the act of the Manager.

#### 3.2.2 Duties of Manager

The Manager, at the expense of and on behalf of the Venture, shall implement or cause to be implemented all decisions approved by the Management Committee and delegated to the Manager by the Management Committee and shall conduct or cause to be conducted the ordinary and usual business and affairs of the Venture in accordance with and as limited by this Agreement.

#### 3.2.3 Prior Authorization

Except for expenditures made and obligations incurred which were either (a) previously approved by the Management Committee, (b) made or incurred directly pursuant to a budget approved by the Management Committee or (c) not required to be approved by the Management Committee, the Manager shall not have any authority to make any expenditure or incur any obligation on behalf of the Venture, but the Manager may place any capital of the Venture in any account or security mentioned in RCW 36.29.020, as now

in any account or security mentioned in RCW 36.29.020, as now existing or hereafter amended, as authorized investments for municipal corporations.

### Section 3.3 Budgets

Not less often than once each fiscal year the Manager shall prepare and submit to the Management Committee for its consideration a proposed budget setting forth the estimated receipts and expenditures (capital, operating and other) of the Venture for the period covered by the proposed budget. When approved by the Management Committee, the Manager shall implement the same as so approved ("the Budget") and shall be authorized, subject to the provisions of Subsection 3.1.3, without the need for further approval by the Management Committee, to make the expenditures and incur the obligations provided for in the Budget.

### Section 3.4 Time Devoted to Venture

The Venturers shall each devote such time to the Venture as is reasonably necessary to carry out the provisions of this Agreement.

### Section 3.5 Scope of Authority; Indemnification

Neither of the Venturers shall, without the consent of the other Venturer, take any action on behalf or in the name of the Venture or enter into any commitment or obligation binding upon the Venture, except for (a) actions expressly provided for in this Agreement, and (b) actions by the Manager or Management Committee within the scope of authority granted hereunder. Each Venturer shall indemnify and hold harmless the other Venturer and its members, affiliates, directors and officers against any and all claims, demands, losses, damages, liabilities, actions, lawsuits, other proceedings, judgments, awards, costs and expenses (including but not limited to reasonable attorneys' fees) arising directly or indirectly, in whole or in part, out of any breach of the foregoing provisions by such Venturer or its affiliate, successor, officer, agent or employee.

## ARTICLE IV

### ACCOUNTING

#### Section 4.1 Books and Records

##### 4.1.1 General

At all times during the term hereof, the Manager, at the Venture's expense, shall cause accurate books and records of account to be maintained and shall cause to be entered therein all matters relating to the Venture, including all income, expenditures, assets and liabilities thereof and the capital accounts of the Venturers.

##### 4.1.2 Basis

Such books and records shall be maintained on whatever basis is selected by the Management Committee in accordance with generally accepted accounting procedures and shall be adequate to provide either Venturer with all financial information that may be needed by either Venturer to satisfy the financial reporting obligations of either Venturer.

##### 4.1.3 Information to Venturers

Each Venturer shall be entitled to any additional in-

formation necessary to adjust its financial basis statement to a tax basis as the Venturer's individual needs may dictate.

#### Section 4.2 Fiscal Year

The fiscal year of the Venture shall be determined by the Management Committee.

#### Section 4.3 Statements of Financial Condition

An annual statement of the financial condition of the Venture and income and net cash flow statements shall be furnished to the Management Committee and to each of the Venturers within sixty (60) days after the close of the fiscal year.

#### Section 4.4 Bank Accounts

Funds of the Venture shall be deposited in an account or accounts approved by the Management Committee as to type, form, account title and bank or banks. Withdrawals from bank accounts shall be made by parties approved by the Management Committee.

#### Section 4.5 Other Accounting Decisions

All accounting decisions for the Venture (other than those specifically provided for in other sections of this Agreement) shall be approved by the Management Committee.

#### Section 4.6 Independence of Accountants

The Venture shall retain the services of accountants selected according to standards adopted by the Management Committee, but the accountants for the Venture with respect to the appraisal procedure of Article VIII shall be independent certified public accountants, unrelated to any officer, director or staff member of either Venturer.

### ARTICLE V

#### INCOME TAX INFORMATION, TAX ACCOUNTING, TAX ELECTIONS

##### Section 5.1 Preparation of Tax Information

The Manager shall prepare or cause to be prepared the tax information of the Venture. Copies of all tax returns, if any, of the Venture shall be furnished for review and approval by each of the Venturers and by the Management Committee at least thirty (30) days prior to the statutory date for filing, including extensions thereof, if any. If the Management Committee fail to approve any such return, an application for extension of time to file shall be timely filed by the Manager.

##### Section 5.2 Allocations to Venturers

The proportionate part of each item of income, gain, loss, deduction or credit earned, realized by or available to the Venture shall be allocated to the Venturers in accordance with the percentage interest of each Venturer.

##### Section 5.3 Tax Decisions Not Specified

No tax decision or election for the Venture not provided for herein may be made without the prior approval of the Management Committee.

##### Section 5.4 Notice of Tax Audit

Prompt notice shall be given to the Venturers upon receipt of advice that the Internal Revenue Service intends to examine Venture income tax returns for any year.

## ARTICLE VI

### SALE OR TRANSFER

#### Section 6.1 General

Except as expressly permitted herein, neither Venturer shall, whether voluntarily, by operation of law or otherwise, sell, assign, convey, mortgage, charge or otherwise alienate or encumber, or suffer any third party to sell, assign, transfer, mortgage, charge or otherwise alienate or encumber, or contract to do or permit any of the foregoing (any or all said acts being herein sometimes called "transfer"), any part or all of its interest in the Venture without the written consent of the other Venturer, and any attempt to do so shall be void.

#### Section 6.2 Right of First Refusal

##### 6.2.1 Offering Notice

Neither of the Venturers may transfer all or any portion of its interest in the Venture, unless it give the other Venturer one year's advance notice in writing. Such notice, to be effective, must contain an offer to sell to the other Venturer or its assigns at a price determined pursuant to the appraisal procedure set forth in Article VIII, subject to lapse after one year.

##### 6.2.2 Procedure

Failure to accept within one year from receipt of notice an offer to sell sent in accordance with Subsection 6.2.1 and not extended by the offeror in writing shall be deemed an election not to accept, and the selling Venturer shall be free to sell its interest in the Venture to a third party in accordance with the provisions of Section 6.4. However, an election not to accept shall not constitute a waiver of right of first refusal in the case of any subsequent sale. If such sale to a third party not be consummated within six months from an election not to accept, the relevant interest in the Venture shall then again become subject to all the provisions of this Section 6.2.

#### Section 6.3 Requirements of Transfer

Any Venturer transferring its interest to the other Venturer pursuant hereto shall transfer such interest free and clear of any liens, encumbrances or any interests of any third party and shall execute or cause to be executed any and all documents required fully to transfer such interest to the acquiring Venturer, including but not limited to all documents necessary to evidence such transfer and all documents required to release any interest of any party who may claim an interest in such Venturer's interest in the Venture.

#### Section 6.4 Sale to a Third Party

##### 6.4.1 Suitability Requirements

A Venturer may sell its interest in the Venture only to a purchaser of good business character and reputation whose business purpose is not incompatible with that of the remaining Venturer and whose financial capacity to carry out all obli-

gations of a Venturer under this Agreement and all related agreements is demonstrated by the two (2) most recent years' audited financial statements of such prospective purchaser, which shall be prepared and presented to the remaining Venturer upon request without expense to the remaining Venturer no fewer than sixty days before the lapse of the offer. The remaining Venturer must approve the prospective purchaser and may waive any or all of the suitability requirements contained in this Subsection 6.4.1.

#### 6.4.2 Agreements with Transferees

No transfer or attempted transfer of any interest of a Venturer in the Venture to any party other than the other Venturer shall be effective to make the transferee a Venturer hereunder or entitle such transferee to any benefits or rights hereunder until the transferee agrees in writing to assume and be bound by all the obligations of the transferor pertaining to the Venture and to be subject to all the undertakings and restrictions to which the transferor is subject under this Agreement and any further agreement with respect to the Building contemplated by this Agreement to which the transferor is then or is then required to be or become, a party. If such interest be transferred by operation of law and the Venturer's transferee fail to sign such a writing within ninety (90) days of the date the Management Committee shall have determined such transfer to have been made, such failure shall entitle either Venturer (a) to treat such failure as a default under this Agreement or (b) to invoke the appraisal or the dissolution procedures set forth in Section 7.3 hereof, in which event such transferee shall be treated in the same manner as a Defaulter under Section 7.3.

#### 6.5 Termination of Obligations

As of the effective date of any transfer by a Venturer of its entire interest in the Venture in accordance herewith, such Venturer's rights and obligations hereunder shall terminate except as to items accrued as of such date and except as to any indemnity obligations of such Venturer attributable to acts or events occurring prior to such date. Thereupon, except as limited by the preceding sentence, this Agreement shall terminate as to the transferring Venturer and shall remain in effect as to the other Venturer. In the event of a transfer of its entire interest in the Venture by a Venturer to the other Venturer, the transferee shall indemnify, defend and hold harmless the transferor from and against any and all claims, demands, losses, damages, liabilities, actions, lawsuits, other proceedings, judgments, awards, costs and expenses (including reasonable attorneys' fees) incurred in or rising directly or indirectly, in whole or in part, out of operation of the business of the Venture, excluding only those liabilities, if any, accruing prior to the date of such transfer.

#### Section 6.6 Remedy Upon Attempted Transfer

If either Venturer at any time transfer or attempt to transfer its interest in the Venture in violation of the provisions of this Agreement or of any rights hereby granted the other Venturer, then the other Venturer shall, in addition to all rights and remedies at law and in equity, be entitled to a decree or order restraining and enjoining such transfer, and the Venturer so transferring or attempting to transfer hereby covenants not to plead in defense thereto that there would be an adequate remedy at law, said defense being hereby expressly waived and it being hereby expressly acknowledged and agreed that damages at law will be an inadequate remedy for a breach or threatened breach or violation of any of the provisions concerning transfer set forth in this Agreement.

## ARTICLE VII

### DEFAULT AND DISSOLUTION

#### Section 7.1 Events of Default

##### 7.1.1 Definitions and Cure Periods

The occurrence of any of the following events ("Event of Default") shall constitute default hereunder on the part of the Venturer ("the Defaulter") who causes such event to occur or with respect to whom such event occurs if (a) after thirty (30) days following notice of such default from the other Venturer, the Defaulter has not commenced substantial efforts to cure such default or (b) the Defaulter, after commencing to cure a non-monetary default, thereafter fails within a reasonable time to prosecute to completion with diligence and continuity the curing of such default. If the default is due solely to the nonpayment of money, nonpayment after ten (10) days following notice of default shall constitute an Event of Default. However, the occurrence of an event described in any of subparagraphs d through j below shall constitute an Event of Default immediately upon such occurrence without any requirement of notice or of passage of time except as specifically set forth in the subparagraph where such event is described.

(a) The failure by a Venturer to make any additional capital contribution to the Venture required by Section 2.5;

(b) The violation or attempted violation by a Venturer of any of the restrictions set forth in Article VI of this Agreement upon the right of a Venturer to transfer its interest in the Venture;

(c) The failure of a Venturer's transferee to assume in writing and agree to be bound by all of the transferring Venturer's obligations, as provided in Subsection 6.4.2.

(d) Institution by a Venturer of proceedings of any nature under any laws of the United States or of any state, whether now existing or subsequently enacted or amended, for the relief of debtors wherein such Venturer is seeking relief as debtor including without limitation a proceeding under any section or chapter of the federal Bankruptcy Code as now existing or hereafter amended or becoming effective;

(e) A general assignment by a Venturer for the benefit of creditors;

(f) Attachment, execution or other judicial seizure of all or any substantial part of a Venturer's assets or of all of any part of a Venturer's interest in the Venture if, such attachment, execution or seizure being with respect to an amount not less than \$100,000 and not be released or discharged within fifteen (15) days after the levy thereof, if the occurrence of such attachment, execution or other judicial seizure would tend to have a materially adverse effect upon the performance by said Venturer of its obligations under this Agreement

(g) The institution against a Venturer of a proceeding under any section or chapter of the federal Bankruptcy Code as not or hereafter amended or becoming effective, which proceeding is not dismissed, stayed, or discharged within a period of sixty (60) days after the filing thereof or, if stayed, is not thereafter discharged or dismissed on or before lifting of such stay;

(h) The proposal of a plan of arrangement or similar action by a Venturer's creditors taken as a result of a general meeting of the creditors of such Venturer;

(i) The appointment of a receiver, trustee or like officer to take possession of assets having a value in excess of \$100,000 of a Venturer if the pendency of said receivership would tend to have a materially adverse effect upon the performance by said Venturer of its obligations under this Agreement and such receivership remains undischarged for a period of thirty (30) days from the date of its imposition;

(j) Admission by a Venturer in writing of its inability to pay its debts as they mature or;

(k) Breach or default in performance of or failure to comply with any other agreement, obligation or undertaking of a Venturer herein contained.

#### 7.1.2 Act of Insolvency

The occurrence of an event described in any of subparagraphs d - j of Subsection 7.1.1 shall also constitute an "Act of Insolvency" as that term is used in this Agreement.

### Section 7.2 Causes of Dissolution

The Venture shall be dissolved only in the event that:

(a) An Event of Default has occurred as provided in Section 7.1 and the non-defaulting Venturer elects to dissolve the Venture as provided in Section 7.3 hereof;

(b) The Venturers mutually agree to terminate the Venture;

(c) One or both of the Venturers elect to dissolve or terminate the Venture pursuant to any provision of this Agreement permitting such election to be made; or

(d) The Venture expires or terminates by its terms set forth in this Agreement.

### Section 7.3 Election of Non-defaulting Venturer

#### 7.3.1 Purchasing of Defaulter's Interest

Upon the occurrence of an Event of Default the non-defaulting Venturer may acquire the interest of the Defaulter in the Venture for cash, except as provided in Subsection 7.3.2, at a price determined pursuant to the appraisal procedure set forth in Article VIII and paid as set forth in Section 2.7. In furtherance of such right, the non-defaulting Venturer may notify the Defaulter at any time following an Event of Default of its election to institute the appraisal procedure set forth in Article VIII. Upon receipt of notice of determination of the net fair market value of the Defaulter's interest in the Venture, the non-defaulting Venturer may purchase the interest of the Defaulter upon notice to the Defaulter of its election to do so.

#### 7.3.2 Purchase in Event of Act of Insolvency

Notwithstanding the foregoing, if the event the Event of Default also be an Act of Insolvency, a Venturer who elects to purchase the Defaulter's interest in the Venture shall have the

right to purchase such interest by payment of twenty percent (20%) of the purchase price (as determined by the appraisal procedure pursuant to Article VIII) of such Venture interest at the closing of such purchase, the balance of the purchase price to be payable in equal monthly installments over a period of five (5) years, the unpaid balance to bear interest at the lesser of twelve percent (12%) per annum or the maximum permitted under Washington law as of the date of such closing, with the right of prepayment of any amount at any time without premium or penalty.

#### 7.3.3 Election to Dissolve

If the non-defaulting Venturer does not elect to acquire the entire interest of the Defaulter as set forth in Subsection 7.3.1, the non-defaulting Venturer may elect to dissolve and terminate the Venture pursuant to Section 7.2 of this Agreement by written notice to the Defaulter. The right of the non-Defaulter to institute the procedures for purchase of the Defaulter's Venture interest as set forth in this Section 7.3 shall continue until such non-Defaulter elects to exercise its right to terminate the Venture as provided in this Subsection 7.3.3.

### Section 7.4 Procedure in Dissolution and Liquidation

#### 7.4.1 Winding Up

Upon dissolution of the Venture pursuant to Section 7.2 hereof, the Venture shall immediately commence to wind up its affairs, and the Venturers shall proceed with reasonable promptness to liquidate the business of the Venture.

#### 7.4.2 Management Rights During Winding Up

During the period of the winding up of the affairs of the Venture the rights and obligations of the Venturers set forth herein with respect to the management of the Venture shall continue. For purposes of winding up, the Management Committee shall continue to act as such and shall make all decisions relating to the conduct of any business or operations during the winding up period and to the sale or other disposition of Venture assets.

#### 7.4.3 Work in Progress

If the Venture is dissolved for any reason while there is work in progress on the development or construction of the Building, winding up the affairs and termination of the business of the Venture may include completion of the work in progress to the extent of constructing and leasing improvements then being developed on such Building as the Management Committee may determine to be necessary to bring the matters under construction to a state of completion convenient to permit a sale of the Venture's interest in such work, giving due regard to the interests of the Venturers.

#### 7.4.4 Allocation of Profits and Losses

Profits and losses of the Venture following the date of dissolution shall be determined in accordance with the provisions of this Agreement and shall be credited or charged to the capital account of each Venturer in the same manner as profits and losses of the Venture would have been credited or charged if there were no termination, dissolution or liquidation.

#### 7.4.5 Distributions in Liquidation

The assets of the Venture shall be applied or distributed in liquidation in the following order of priority; provided, however, that if a Venturer have a negative balance in its capital account, such Venturer shall immediately, and before any distributions be made pursuant to this Subsection 7.4.5, pay to the Venture in cash for distribution as provided in this Subsection 7.4.5 an amount equal to the negative balance in said Venturer's capital account:

(a) In payment of debts and obligations of the Venture owed to third parties, which shall include a Venturer as the holder of any secured loan;

(b) Ratably in payment of debts and obligations of the Venture to each Venturer;

(c) To the Venturers in payment of any positive balances remaining in their capital accounts, first paying to the Venturer with the higher capital account the amount necessary to bring the capital accounts into conformity with the percentage interests.

(d) Any remaining profit or loss shall be distributed or charged to each Venturer according to its percentage interest.

#### Section 7.5 Disposition of Documents and Records

All documents and records of the Venture, including without limitation all financial records, vouchers, cancelled checks, and bank statements, shall be delivered to a repository selected by the Management Committee upon termination of the Venture. Unless a different retention period be approved by the Venturers, said repository shall retain such documents and records for a period of not less than seven (7) years and shall make such documents and records available during normal business hours to the Venturers for inspection and copying at the examining Venturer's cost and expense. If either Venturer for any reason cease as provided herein to be a Venturer at any time before termination of the Venture, and the Venture be continued without such Venturer, said documents and records of the Venture up to the date of the termination of the former Venturer's interest shall be maintained by the remaining Venturer, its successors and assigns, for a period of not less than seven (7) years thereafter; provided, however, that if there be an audit or statement of intent to audit said documents and records by any taxing authority, said documents and records shall be retained until said audit shall have been completed and any tax liability finally determined. Said documents and records shall be available to the former Venturer during said period for inspection, examination and copying upon reasonable notice.

### ARTICLE VIII

#### APPRAISAL

##### Section 8.1 General

Whenever an interest in the Venture is to be offered for sale or sold between the Venturers pursuant to Sections 6.2 and 6.3, the value of such interest in the Venture shall be determined as follows. The parties shall first attempt to agree upon the net fair market value of the Venture and of the interests in the Venture to be purchased or sold. The "net fair market value" of the Venture is the cash price which a sophisticated purchaser would pay on the effective date of the appraisal for all tangible assets of the Venture in excess of the financing then encumbering

the Venture assets, on the assumption that such assets are subject to this Agreement and to any other agreements, including leases, management contracts and service agreements then in effect. A "sophisticated purchaser" is one who would take into account the nature, extent, maturity date and other terms of the liabilities of the Venture, whether fixed or contingent, including the favorable or unfavorable nature of any financing then encumbering the Building or other Venture assets, and the prospects that the income from the Venture assets would be sufficient to satisfy such liabilities when due excluding any liability under any financing already taken into account. The net fair market value of an interest in the Venture shall be the proportionate part of the net fair market value of the Venture.

## Section 8.2 Appraisal Procedure

If the Venturers be unable to agree upon the net fair market value of the Venture and of the interest in the Venture to be sold or purchased within thirty (30) days of the date the appraisal procedure of this Article VIII is instituted, the Venturers shall then attempt to agree upon the appointment of three (3) disinterested appraisers, who shall be members of the American Institute of Appraisers. If the Venturers be unable to agree upon the selection of three appraisers within thirty (30) days of the date the appraisal procedure is instituted, then a petition may be made by either Venturer to the presiding judge of the Superior Court of Thurston County, Washington for such selection. Each Venturer shall have the right to submit the names of three (3) appraisers so qualified and the judge shall select the three (3) appraisers from the names so submitted. Each appraiser so selected shall furnish the Venturers and the accountants for the Venture with a written appraisal within thirty (30) days of his or her selection, setting forth his or her determination of the appraised value of all real estate and other tangible assets owned by the Venture as of the date of the application to the Superior Court. Such appraisal shall assume that the Building is the highest and best use of the Property, and the appraisal shall not include any value for any intangible assets of the Venture, such as good will. Upon completion, the appraisals shall be delivered to the accountants of the Venture. The average of the two closest valuations of such appraisers shall be calculated by said accountants and shall be treated as the appraised value of the Venture. The accountants of the Venture shall make final determination of the net fair market value (as defined in Section 8.1) of the Venture and of the interest in the Venture to be sold or purchased, and in making their determination shall utilize the appraised value of the Venture and shall decide what effect should be given to the terms and provisions of this Agreement. Said accountants shall notify the Venturers in writing of their determination within thirty (30) days of the date of receipt of the appraisals prepared by the appraisers. The determination of said accountants shall be treated as the net fair market value of the Venture and of the interests in the Venture to be sold or purchased and the determination shall be final and binding on the Venturers.

## ARTICLE IX

### ARBITRATION

#### Section 9.1 Initiation

In such cases where the Management Committee is unable to make a determination in any of the matters required to be determined by it herein and this Agreement does not require determination of the matter as provided for in Article VIII, this Article IX shall apply. Either Venturer shall have the right upon five

(5) days' prior written notice to the other Venturer to submit the matter to arbitration as provided in Subsection 9.2.

#### Section 9.2 Procedure

On the sixth day following receipt of written notice referred to in Section 9.1, above, the Venturers shall first attempt to agree upon a person to be the arbitrator. In the event the Venturers are unable to agree upon the Arbitrator, each Venturer shall appoint a representative, and they shall appoint a third person, who shall be the arbitrator. In either case, the arbitrator shall chair an arbitration committee composed of the arbitrator and one representative from each Venturer. The decision of the arbitration committee shall be final and binding on the Venturers.

#### Section 9.3 Costs

All fees and expenses of the arbitration shall be shared equally by the Venturers.

### ARTICLE X

#### GENERAL PROVISIONS

#### Section 10.1 Complete Agreement; Amendment

This Agreement constitutes the entire agreement between the parties and supersedes all agreements, representations, warranties, statements, promises and understandings, whether oral or written, with respect to the subject matter hereof, and neither party hereto shall be bound by nor charged with any oral or written agreements, representations, warranties, statements, promises or understandings not specifically set forth in this Agreement or in the exhibits hereto. This Agreement may not be amended, altered or modified except by a writing signed by both Venturers.

#### Section 10.2 Notices

##### 10.2.1 Addresses

All notices under this Agreement shall be in writing and shall be delivered by personal service, or by certified or registered mail, postage prepaid, return receipt requested, to the Venturers at the addresses herein set forth and to the Venture at its principal place of business.

The addresses of the Venturers for notices are as follows:

Washington State Association  
of Counties  
6730 Martin Way  
Olympia, WA 98506

Washington Association  
of County Officials  
105 East 8th  
Olympia, WA 98501

##### 10.2.2 Effective Date

All notices, demands and requests shall be effective upon personal service or being deposited in the United States mail. However, the time period in which a response to any such notice, demand or request which is mailed must be given shall commence to run from the date of receipt on the return receipt of the notice, demand or request by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given as provided in Subsection 10.2.3 shall be deemed to be receipt of the notice, demand or request sent.

### 10.2.3 Changes

By giving to the other parties at least thirty (30) days' written notice thereof, the parties hereto and their respective permitted successors and assigns shall have the right from time to time and at any time during the term of this Agreement to change their respective addresses for notices, and each shall have the right to specify as its address for notices any other address within the United States of America.

### Section 10.3 Attorneys' Fees

Should any litigation be commenced between the parties hereto or their representatives or should any party institute any proceeding in a bankruptcy or similar court which has jurisdiction over any other party hereto or any or all of his or its property or assets concerning any provision of this Agreement or the rights and duties of any person or entity in relation thereto, the party or parties prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for its attorneys' fees and court costs in such litigation, which sum shall be determined by the court in such litigation or in a separate action brought for that purpose.

### Section 10.4 Validity

If any provision of this Agreement be held invalid or unenforceable, the same shall not affect in any respect whatsoever the validity or enforceability of the remainder of this Agreement.

### Section 10.5 Survival of Rights

Except as provided herein to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties signatory hereto, their respective legal representatives and permitted successors and assigns.

### Section 10.6 Governing Law

This Agreement has been entered into and is to be performed in the state of Washington, and all questions with respect to this Agreement and to the rights and liabilities of the parties hereto shall be governed by the laws of that state.

### Section 10.7 Waiver

No consent or waiver, express or implied, by a Venturer to any breach or default by the other Venturer in the performance by such other Venturer of any of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Venturer of the same or any other obligations of such other Venturer hereunder. Failure on the part of a Venturer to complain of any act or failure to act of the other Venturer or to declare the other Venturer in default, irrespective of how long such failure continues, shall not constitute a waiver by such Venturer of its rights hereunder. The giving of consent by a Venturer in any one instance shall not limit or waive the necessity to obtain such Venturer's consent in any future instance.

### Section 10.8 Remedies in Equity

The rights and remedies of either of the Venturers hereunder shall be cumulative and not mutually exclusive. Each of the Venturers confirms that damages at law will be an inadequate

agree that, in the event of a breach or threatened breach of any provision hereof, the respective rights and obligations hereunder shall be enforceable by specific performance, injunction or other equitable remedy, but nothing herein contained shall limit or affect any rights at law by statute or otherwise of any party aggrieved as against the other for a breach or threatened breach of any provision hereof.

#### Section 10.9 Terminology

All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa; the indicative in conditional clauses shall be deemed the subjunctive. References to Articles, Sections and Subsections refer to portions of this Agreement unless otherwise specified. Titles of articles, sections and subsections are for convenience only and neither limit nor amplify the provisions of this Agreement.

#### Section 10.10 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement.

#### Section 10.11 Further Assurances

Each party hereto agrees to do all acts and things and to make, execute and deliver such written instruments, as shall from time to time be necessary or convenient to carry out the terms and provisions of this Agreement.

#### WASHINGTON STATE ASSOCIATION OF COUNTIES

Graham Tollefson  
Graham Tollefson, President

Bud Norris  
Bud Norris, Vice President

Vernon Marll  
Vernon Marll, Secretary-Treasurer

Bob Greive  
Bob Greive, 1st Past President

Jim Henning  
Jim Henning, 2nd Past President

STATE OF WASHINGTON     )  
COUNTY OF King        ) ss.

THIS IS TO CERTIFY that on this 9<sup>th</sup> day of July, 1984, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared Graham Tollefson, Bud Norris, Vernon Marll, Bob Greive and Jim Henning, to me known to be the president, vice president, secretary-treasurer, first past president and second past president of WSAC, the corporation that executed the within and 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

they were authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.

Shyles G. Mahanani  
Notary public in and for the state  
of Washington, residing at Lynnwood

WASHINGTON ASSOCIATION OF COUNTY OFFICIALS

Ralph Huck  
Ralph Huck, President

C. J. "Jim" Rabideau  
C. J. "Jim" Rabideau, 1st Vice President

Deborah D. Silke  
Deborah D. Wilke, 2nd Vice President

Larry Lindbloom  
Larry Lindbloom, Secretary-Treasurer

Betty Verbrugge  
Betty Verbrugge, Past President

STATE OF WASHINGTON )  
COUNTY OF King ) ss.

THIS IS TO CERTIFY that on this 6<sup>th</sup> day of July, 1984, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared Ralph Huck, C. J. "Jim" Rabideau, Deborah D. Wilke, Larry Lindbloom and Betty Verbrugge, to me known to be the president, first vice president, second vice president, secretary-treasurer, and past president of WACO, the corporation that executed the within and 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 they were authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.

Betty J. Compton  
Notary public in and for the state  
of Washington, residing at Redmond

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