

EXHIBIT E-2

Public Works Yard Lease

THIS LEASE is made this ___ day of _____, 2007, by and between OLIVERMCMILLAN, LLC, a California limited liability company ("Lessor"), and the CITY OF EVERETT, a municipal corporation of the State of Washington ("Lessee").

WITNESSETH: For and in consideration of the covenants, terms, and conditions hereinafter set forth, Lessor does hereby lease to Lessee, and Lessee does hereby lease from Lessor, a portion of those certain premises situated in Snohomish County, Washington, described as follows:

_____ [Legal Description]

which such portion is shown on the site plan attached hereto as Schedule A, hereinafter called the "Premises."

1. Purpose. The Premises are only to be used for the purpose of storing equipment and other personal property of Lessee and for any related uses.
2. Term. The term shall commence on the date hereof and, unless earlier terminated pursuant to the terms hereof, shall end on September 28, 2007.
3. Rent. Lessee shall not be obligated to pay any rent to Lessor for the use of the Premises during the term of this Lease.
4. Taxes. Lessee shall be liable for, and shall pay throughout the term of this Lease, any and all real estate taxes and assessments that may be owed with respect to the Premises during the term of the Lease.
5. Repairs/Maintenance. During the term of this Lease, Lessee shall not be obligated to make any structural or other repairs to the Premises or to maintain the Premises other than in a reasonably safe condition. Lessor shall have no obligation of any kind to maintain or repair the Premises, including but not limited to capital repairs or replacements, during the term of the Lease. If any repairs or maintenance of any kind become necessary during the term of this Lease and Lessee elects not to make such repairs or maintenance, Lessee shall have the option of terminating the Lease and immediately vacating the Premises but in no event shall Lessor have any obligation to make or fund any repairs or maintenance of any kind. Both parties acknowledge that this provision was specifically bargained for and a material inducement to the parties' entry into the Lease.
6. Lessor's Representations. Lessor represents and warrants that Lessor is the owner of, and has absolute title to, the improvements, fixtures, trade fixtures, and equipment, if any, located at the Premises (the improvements, if any, are referred to as the "**Improvements**," and the fixtures, trade fixtures, and equipment, if any, are collectively referred to as the "**FF&E**").

Lessor further represents and warrants that (i) Lessor has the full right, lawful authority and power to enter into this Lease and to perform Lessor's obligations under this Lease, and (ii) the execution and delivery of this Lease by Lessor, and Lessor's performance of its obligations hereunder, does not and will not conflict with or cause a breach under any agreement to which Lessor is a party. Lessor makes no other representations or warranties of any kind concerning the Premises, including but not limited to the lawfulness of Lessee's intended use of the Premises, the suitability of the Premises for Lessee's intended use, or the safety or condition of the Premises. Lessor and Lessee agree and acknowledge that Lessee has been in ownership and possession of the Premises prior to entry into this Lease.

7. Expiration/Termination. Lessor acknowledges that, upon expiration or sooner termination of this Lease, the FF&E at the Property, if any, shall become the property of Lessee. Upon the expiration or sooner termination of this Lease, Lessee shall, at its expense, (i) remove any such FF&E and all of Lessee's personal property from the Premises and (ii) quit and surrender to Lessor the property on which the Premises are located.

8. Utilities. Lessee hereby covenants and agrees to pay all charges for heat, light, water, sewer and trash removal, to the extent any such charges are incurred by Lessee during the term of this Lease, and for all other public utilities which shall be used in or charged against the Premises during the term of this Lease.

9. Liens and Insolvency. Lessee shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by Lessee.

10. Use. Lessee shall not use the Premises for any illegal purpose and shall comply with all applicable state and local laws and ordinances pertaining to Lessee's use of the Property.

11. Insurance. Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of combined single limit general liability insurance covering bodily injury and property damage insuring Lessee (and Lessor and Lessor's agents, employees, and consultants as additional insureds) against liability arising out of Lessee's use or occupancy of the Premises. Such insurance shall be a combined single limit policy in an amount not less than one million dollars per occurrence, two million dollars in the aggregate. Lessee may carry such insurance in a blanket form of coverage. Such coverage may be carried in the form of primary and/or any other secondary coverage carried by Lessee including Lessee's umbrella policy. Notwithstanding anything to the contrary contained herein, Lessor shall not be responsible for any loss or damage to Lessee's property on the Premises, all of which shall be maintained by Lessee at Lessee's sole risk and expense.

12. Assignment. Lessee may not let or sublet the whole or any part of the Premises or assign this Lease or any part thereof without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned, or delayed.

13. Access. Lessee will allow Lessor or Lessor's agents free access at all reasonable times to the Premises; provided however, that Lessor agrees to indemnify and hold Lessee harmless from and against any and all damage or loss arising out of, or related to, Lessor's or its agents' access to the Premises pursuant to this Section 13.

14. Notices. Any notices required to be served on or given in accordance with the terms of this Lease shall be deemed given when delivered and shall be addressed as follows:

Lessor: _____

Lessee: _____

15. Signs and Fixtures. Lessor acknowledges that certain signs may exist on the Premises, and Lessor hereby permits Lessee to use any such signs during the term of this Lease. With Lessor's prior approval, which approval shall not be unreasonably withheld, conditioned, or delayed, Lessee shall have the right at its own expense to erect and install additional signs on said Premises and to install any additional or different fixtures therein. Any existing signs and fixtures and all future signs and fixtures installed by Lessee shall become, and remain, the property of Lessee and may be removed from said Premises at the expiration or earlier termination of this Lease.

16. Lessee's Default and Re-Entry. Time is of the essence hereof. If any monetary obligations of Lessee shall be and remain unpaid more than fifteen (15) days after Lessor shall have given Lessee written notice thereof, or if Lessee shall violate or default in any of the other covenants and agreements herein contained and fails to correct the same within thirty (30) days of Lessor's giving Lessee written notice thereof, then Lessor may, as its sole and exclusive remedy, terminate this Lease and re-enter the Premises.

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

18. Right to Early Termination. Lessee shall have the right to terminate this Lease at any time during the term hereof upon ten (10) days' prior written notice.

19. Quiet Enjoyment. Upon paying the rent and observing and keeping all of its other obligations under this Lease, Lessee shall quietly have and enjoy the Premises during the term of the Lease.

20. Legal Expenses. If either party is required to bring or maintain any action or otherwise refers this Lease to an attorney for the enforcement of any of the covenants, terms or conditions of this Lease, the prevailing party shall, in addition to all other remedies provided herein, receive from the other party all the costs (including reasonable attorneys' fees) incurred in the enforcement of the covenants, terms and conditions of this Lease (whether or not an action is instituted) and including any such costs and fees incurred by the prevailing party on any appeal.

[Signatures follow on next page]

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

LESSOR:

OLIVERMCMILLAN, LLC, a California
limited liability company

By: _____
Its: _____

LESSEE:

CITY OF EVERETT, a Washington
municipal corporation

By _____
Ray Stephanson, Mayor

ATTEST:

By _____
Sharon Marks, City Clerk

APPROVED AS TO FORM:

By _____
Elmer E. "Ned" Johnston, City Attorney

SCHEDULE A

[ATTACHED]