

REAL PROPERTY LEASE AGREEMENT

This lease is made and executed on the 1st day of July, 1995, by and between the City of Port Orchard, a municipal corporation organized and existing under the laws of the State of Washington, herein referred to as Lessor and Kitsap County Public Transportation Benefit Area, dba Kitsap Transit, a municipal corporation organized and existing under the laws of the State of Washington, herein referred to as Lessee.

The lessor hereby agrees to lease one half acre of the property described below:

Situated in Kitsap County, Washington; The South half of the southwest quarter of Section 34, Township 24 North, Range 1 East.

The exact location of the one half acre within this parcel shall be mutually agreed upon by the Lessor and the Lessee and a photograph will be attached herein.

The term of the lease shall be on a month to month basis and may be terminated by either party with thirty days written notice.

The rent shall be seventy five dollars (\$75.00) per month plus Washington State leasehold excise tax, payable in full without deduction or offset to the Lessor on or before the first day of each month.

The lessee, at its option, may make improvements, including, but not limited to ground smoothing, graveling and fencing, to the parcel to improve its suitability to the purpose for which it is intended, i.e., vehicle storage. In the event the lessor terminates the lease agreement or relocates the Lessee within the parcel, it shall reimburse the Lessee for a pro rata amount for any improvements made upon the property by the Lessee. The amount shall be the unamortized portion of the improvements over a two year life and shall be limited to ground smoothing, gravel and fencing.

The lessee agrees to store only the Lessee's vans and buses. If there is material stored in the Lessee's area that is objectionable to the lessor and beyond the scope of the lease agreement, the Lessor shall give the Lessee seventy two (72) hours notice to remove the objectionable material from the property. If the Lessee fails to comply, the Lessor may remove the objectionable material from the property at the Lessee's expense.

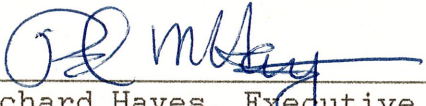
The lessee shall not block any of the improved roads. All parties shall comply with any restrictions to access that any State agency may require.

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The Lessee shall include the Lessor in the Lessee's insurance policy as a Named Insured and provide a Certificate of Insurance to the Lessor. The Lessee indemnifies and holds the Lessor harmless from all negligent acts, errors and omissions of the Lessee. The Lessor indemnifies and holds the Lessee harmless from all negligent acts, errors and omissions of the Lessor. Further, the Lessor indemnifies and holds the Lessee harmless for any and all defects originating and/or emanating from the property surface or subsurface.

In the event of a dispute arising under this agreement, the party found to be in default or breach of this agreement shall be responsible for all reasonable costs and attorney fees of the prevailing party.


Kitsap Transit:



Richard Hayes, Executive Director

6/28/95
Date

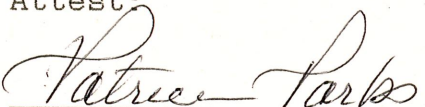
City of Port Orchard:



Leslie J. Weatherill, Mayor

14 July 95
Date

Attest:



Patricia Parks, City Clerk