

AFTER RECORDING RETURN TO:

Department of Enterprise Services
Real Estate Services
P. O. Box 41468
Olympia, Washington 98504-1468



201404250004

Skagit County Auditor \$79.00
4/25/2014 Page 1 of 8 8:36AM

**SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX**

APR 25 2014

Amount Paid \$
Skagit Co. Treasurer
By *man* Deputy

Lease No. SRL 14-0002
SR 094-02-13

(Mount Vernon) GAW/cns
Page 1 of 8
Date: January 6, 2014

LEASE

THIS LEASE is made and entered into between Mount Vernon Center Associates, LLC, a Washington limited liability ~~company~~ whose address is Post Office Box 13167, Mill Creek, Washington 98082-1167, for its heirs, executors, administrators, successors, and assigns, hereinafter called the Lessor, and the STATE OF WASHINGTON, Department of Labor and Industries, acting through the Department of Enterprise Services, hereinafter called the Lessee.

WHEREAS, the Department of Enterprise Services is granted authority to lease property under RCW 43.82.010;

WHEREAS, the Lessor and Lessee deem it to be in the best public interest to enter into this Lease;

NOW, THEREFORE, in consideration of the terms, conditions, covenants and performances contained herein, IT IS MUTUALLY AGREED AS FOLLOWS:

LEASED PREMISES

1. The Lessor hereby leases to the Lessee the following described premises:

Tax Parcel Number: 3746-000-011-0000

Common Street Address: 525 East College Way – Suite H, Mount Vernon, Skagit County, Washington

Approximately 14,256 square feet of BOMA usable air conditioned office space in a building commonly known as 525 East College Way, Mount Vernon, Washington, together with ten (10) exclusive designated parking spaces on the Easterly side of the building and shared use of code non-exclusive common parking spaces, legally described as:

All those portions of the "PLAT OF MOUNT VERNON ACREAGE, SKAGIT COUNTY, WASHINGTON", as per plat recorded in volume 3 of Plats, page 102, records of Skagit County, Washington, described as follows:

Tracts 5 and 6, EXCEPT the West 256.41 feet thereof; Tract 7, EXCEPT the West 179 feet thereof; all of Tract 8; Tract 9, EXCEPT the West 268 feet of the North 29.5 feet thereof and EXCEPT the West 245 feet of the South 100 feet thereof; Tract 10, EXCEPT the West 245 feet thereof; and all of TRACT 11.

TOGETHER WITH the Westerly 10 feet of that portion of the abandoned Puget Sound and Cascade Railway Company right-of-way in the Southwest ¼ of the Northwest ¼ of Section 17, Township 34 North Range 4 East, W.M., lying between the Easterly extension of the North line of Tract 5 and the South line of Tract 11 of said "PLAT OF MOUNT VERNON ACREAGE" EXCEPT the South 10 feet thereof, as conveyed to the State of Washington for State Secondary Highway I-G by instrument dated March 20, 1951, and recorded May 4, 1951, under Auditor's File Number 460430.



USE

2. The premises shall be used by the Department of Labor and Industries and/or other state agencies for the following purpose(s): office space.

TERM

3. TO HAVE AND TO HOLD the premises with their appurtenances for the term beginning March 1, 2015 and ending February 29, 2020.

RENTAL RATE

4. The Lessee shall pay rent to the Lessor for the premises at the following rate:

Eighteen Thousand One Hundred Nineteen Dollars and Fifteen Cents

\$18,119.15 per month

Payment shall be made at the end of each month upon submission of properly executed vouchers.

4.1. The Lessee shall not be required to pay the rental rate referenced in Paragraph 4 above until all of the work requested by Lessee in Additional Lease Provisions paragraph 19 has been completed by Lessor. Until all such work is completed and approved by Lessee, the rate of \$17,713.08 per month, as required under SRL 09-0090 shall continue in effect.

EXPENSES

5. During the term of this Lease, Lessor shall pay all real estate taxes, all property assessments, insurance, storm water, water, sewer, garbage collection, and maintenance and repair as described below, together with landscape and irrigation water.

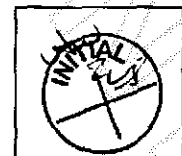
5.1. Lessee shall pay for only electricity, janitor service and restroom supplies.

MAINTENANCE AND REPAIR

6. The Lessor shall maintain the premises in good repair and tenantable condition during the continuance of this Lease, except in case of damage arising from the negligence of the Lessee's clients, agents or employees. For the purposes of maintaining and repairing the premises, the Lessor reserves the right at reasonable times to enter and inspect the premises and to make any necessary repairs to the building. Lessor's maintenance and repair obligations shall include, but not be limited to, the mechanical, electrical, interior lighting (including replacement of ballasts, starters and fluorescent tubes as required), plumbing, heating, ventilating and air-conditioning systems (including replacement of filters as recommended in equipment service manual); floor coverings; window coverings; ceiling tiles; inside and outside walls (including windows and entrance and exit doors); all structural portions of the building (including the roof and the watertight integrity of same); porches, stairways; sidewalks; exterior lighting; parking lot (including snow removal, cleaning and restriping as required); wheel bumpers; drainage; landscaping and continuous satisfaction of all governmental requirements generally applicable to similar office buildings in the area (example: fire, building, energy codes, indoor air quality and requirements to provide architecturally barrier-free premises for persons with disabilities, etc.).

ASSIGNMENT/SUBLEASE

7. The Lessee may assign this Lease or sublet the premises with the prior written consent of the Lessor, which consent shall not be unreasonably withheld. Lessee shall not permit the use of the premises by anyone other than the Lessee, such assignee or sublessee, and the employees, agents and servants of the Lessee, assignee, or sublessee.



RENEWAL/CANCELLATION

8. The Lease may, at the option of the Lessee, be renegotiated for an additional five (5) years.

PAYMENT

9. Any and all payments provided for herein when made to the Lessor by the Lessee shall release the Lessee from any obligation therefor to any other party or assignee.

COMPLIANCE WITH STATE/FEDERAL LAWS

10. Lessor is responsible for complying with all applicable provisions of the Americans With Disabilities Act of 1990 (42 U.S.C. 12101- 12213) and the Washington State Law Against Discrimination, Chapter 49.60 RCW, as well as the regulations adopted thereunder, with respect to the Leased Premises.

FIXTURES

11. The Lessee, upon the written authorization of the Department of Enterprise Services, shall have the right during the existence of this Lease with the written permission of the Lessor (such permission shall not be unreasonably withheld), to make alterations, attach fixtures, and erect additions, structures or signs, in or upon the premises hereby leased. Such alterations, fixtures, additions, structures and signs shall be authorized only by the Department of Enterprise Services. Performance of any of the rights authorized above shall be conducted in compliance with all applicable governmental regulations, building codes, including obtaining any necessary permits. Any fixtures, additions, or structures so placed in or upon or attached to the premises shall be and remain the property of the Lessee and may be removed therefrom by the Lessee upon the termination of this Lease. Any damage caused by the removal of any of the above items shall be repaired by the Lessee.

ALTERATIONS/IMPROVEMENTS

12. In the event the Lessee requires alterations/improvements during the term of this Lease, any renewals and/or modifications thereof, the Lessor shall have the right to provide such services. If required by state law, the Lessor shall pay prevailing rate of wage to all workers, laborers or mechanics employed to perform such work as well as comply with the rules and regulations of the Department of Labor & Industries. If the Lessee considers Lessor's proposed costs for alterations/ improvements excessive, Lessee shall have the right, but not the obligation, to request and receive at least two independent bids; and the Lessee shall have the right at its option to select one alternative contractor whom the Lessor shall allow to provide such services for the Lessee in compliance with the Lessor's building standards and operation procedures.

PREVAILING WAGE

13. Lessor agrees to pay the prevailing rate of wage to all workers, laborers, or mechanics employed in the performance of any part of this Lease when required by state law to do so, and to comply with the provisions of Chapter 39.12 RCW, as amended, and the rules and regulations of the Department of Labor and Industries and the schedule of prevailing wage rates for the locality or localities where this Lease will be performed as determined by the Industrial Statistician of the Department of Labor and Industries, are by reference made a part of this Lease as though fully set forth herein.

DISASTER

14. In the event the leased premises are destroyed or injured by fire, earthquake or other casualty so as to render the premises unfit for occupancy, and the Lessor(s) neglects and/or refuses to restore said premises to their former condition, then the Lessee may terminate this Lease and shall be reimbursed for any unearned rent that has been paid. In the event said premises are partially destroyed by any of the aforesaid means, the rent herein agreed to be paid shall be abated



from the time of occurrence of such destruction or injury until the premises are again restored to their former condition, and any rent paid by the Lessee during the period of abatement shall be credited upon the next installment(s) of rent to be paid. It is understood that the terms "abated" and "abatement" mean a pro rata reduction of area unsuitable for occupancy due to casualty loss in relation to the total rented area.

NO GUARANTEES

15. It is understood that no guarantees, express or implied, representations, promises or statements have been made by the Lessee unless endorsed herein in writing. And it is further understood that this Lease shall not be valid and binding upon the State of Washington, unless same has been approved by the Director of the Department of Enterprise Services of the State of Washington or his or her designee and approved as to form by the Office of the Attorney General. Any amendment or modification of this Lease must be in writing and signed by both parties.

ENERGY

16. The Lessor, or authorized representative, in accordance with RCW 43.19.685, has conducted a walk-through survey of the leased premises with a representative of the Director of the Department of Enterprise Services. Lessor will undertake technical assistance studies and/or subsequent acquisition and installation of energy conservation measures identified as cost effective by the survey.

REIMBURSEMENT FOR DAMAGE TO PREMISES

17. The Lessee hereby agrees to reimburse the Lessor for damages caused by the negligence of its employees, clients and agents, but in no event shall this paragraph be construed as diminishing the Lessor's duty to make repairs as set forth in preceding paragraphs of this Lease, or as making Lessee responsible for the repair of normal wear and tear.

HAZARDOUS SUBSTANCES

18. Lessor warrants to his/her knowledge that no hazardous substance, toxic waste, or other toxic substance has been produced, disposed of, or is or has been kept on the premises hereby leased which if found on the property would subject the owner or user to any damages, penalty, or liability under any applicable local, state or federal law or regulation.

Lessor shall indemnify and hold harmless the Lessee with respect to any and all damages, costs, attorneys' fees, and penalties arising from the presence of any hazardous or toxic substances on the premises, except for such substances as may be placed on the premises by the Lessee.

ADDITIONAL LEASE PROVISIONS

19. It is agreed that the Lessor shall, at Lessor's sole cost and expense, on or before March 1, 2015, complete in a good and workmanlike manner, in accordance with state Leased Space Requirements, July 2005 edition, attached hereto and incorporated herein by reference as Exhibit "A", the following items:

SITE:

- a. **Parking:** Clean and sweep all parking areas, driveways and sidewalks on all portions of the site serving this facility. Reapply parking stall striping and other pavement markings as required so as to achieve full visibility and clarity. Adjust, if necessary, all wheelstops and other traffic control devices so they function to the capacity as originally designed. (Section 02500 – Paving and Surfacing)
- b. **Landscaping:** Restore all landscape areas and plantings to their appropriately finished appearance, including verification that any irrigation systems, controllers and meters serving those areas are fully functional. (Section 02900 – Landscaping) Remove weeds at back of building on wall/door frames



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- c. Lighting: Verify that at least the minimum illumination is maintained for all parking areas and pedestrian pathways throughout the site. (Section 16520 – Lighting Levels)

EXTERIOR:

- d. Windows: Clean windows and frames. Repair/replace exterior “fill”, previous door opening that appears to have dry rot within door opening fill. Remedy as required to prevent mold/moisture intrusion, paint and seal as required.
- e. Signage: Verify that all signage identifying the Lessee is clearly visible, properly notated and compliant with Exhibit “A”. (Section 10400 – Identifying Devices)
- f. Soffit: Repair damage to soffit at entry, repaint to match existing. Verify location of water intrusion and remedy as required prior to completing repairs.
- g. Roof repairs: Please provide explanation of work required to eliminate continued water intrusion and schedule to Real Estate Services (RES) Architect as to when repairs will be realized.
- h. Doors: Paint all exterior frames and doors. Verify all door hardware is functioning properly. Several locations throughout facility need new hardware or replacement of hardware. Replace all exterior door seals and sweeps.

INTERIOR:

- i. Relites and Windows: Clean all relites, windows and frames.
- j. Ceiling Tiles: Replace all stained and/or damaged ceiling tiles so as to achieve a uniform like-new finished appearance. Prior to replacing the damaged tiles, verify that the condition that caused this problem has been satisfactorily resolved so as to prevent further damage or reoccurrence. (Section 09500 – Acoustical Ceiling)
- k. Paint: Provide touch-up paint throughout facility as required, verify locations with RES Architect. Touch-up paint shall be from corner to corner. (Section 09900 – Painting) Lessor shall remove and re-install all furniture and partitions and shall provide a licensed electrician to disconnect and reconnect all hard wired connections. Lessee shall remove all personal items, computers and associated Lessee equipment.
- l. Flooring: Professionally clean all flooring surfaces so as to restore them to like-new finished appearance. In the event the existing surface materials cannot be successfully restored, provide new materials, approved by the RES Architect, to replace existing. (Section 09650 – Resilient Flooring & Section 09680 - Carpet) Lessee shall remove all personal items, computers and associated Lessee equipment.
- m. Doors: Verify all door hardware is functioning properly. Several locations throughout facility need new hardware or replacement of hardware.
- n. Fixtures: Provide caulking at all fixture to wall/floor transitions.
- o. Partitions: Modify/adjust/repair as required all toilet room partitions for a smooth like new operation.
- p. Waste line: Provide RES Architect with documentation that waste lines at staff restrooms have been snaked and debris/clog has been rectified.

ACCESSIBILITY: (RES Accessibility Addendum)

- q. Verify the incorporation of all required and negotiated accessibility features throughout the entirety of this leased facility, including site access.

MECHANICAL: (Division 15 - Mechanical)

- r. Grilles and Diffusers: Verify/clean as required all HVAC supply and return air diffusers and grilles.
- s. HVAC System: Verify that the HVAC system serving this space is performing as originally designed. Provide an updated balance report and schedule for modification/correction if system operation is found to be out of compliance with original design parameters.
- t. Filters: Replace disposable air filters and clean permanent filters.
- u. HVAC Plan: Provide a current plan delineating the existing HVAC distribution system, as well as locations of thermostats, sensors and mechanical units serving this leased space.



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CANCELLATION/SUPERSESSION

20. This Lease cancels, supersedes, or replaces SRL 09-0090 dated August 11, 2009, and all modifications thereto effective March 1, 2015.

WITHHOLDING OF RENT PAYMENTS

21. If the Lessor fails to maintain, repair and/or improve the premises as set forth herein, the Lessee may, if authorized by the Department of Enterprise Services, withhold ten percent (10%) of rent payments until such time as Lessor completes deficient maintenance, repair and/or improvements. Upon receipt of documentation of Lessor's noncompliance with maintenance, repair and/or improvement provisions and a written request to withhold rent payments from the Lessee, the Department of Enterprise Services shall provide Lessor with a list of deficient maintenance, repair and/or improvement items and notify Lessor that Lessee has been authorized to withhold rent payment until deficient maintenance, repair and/or improvements have been completed. Lessee shall place all withheld rent payments in an interest bearing account. Withheld rent payments plus accrued interest will be remitted to Lessor after the Department of Enterprise Services verifies that Lessor has satisfactorily completed all maintenance, repair and/or improvements and authorizes Lessee to remit the withheld rent. Nothing in this provision shall limit other remedies which may be available to Lessee under this Lease.

CONDEMNATION

22. If any of the premises or the Building, as may be required for the reasonable use of the premises, are taken by eminent domain, this Lease shall automatically terminate as of the date Lessee is required to vacate the premises and all rentals shall be paid to that date. In case of a taking of a part of the premises, or a portion of the Building not required for the reasonable use of the premises, at Lessee's determination, then the Lease shall continue in full force and effect and the rental shall be equitably reduced based on the proportion by which the floor area of the premises is reduced, such rent reduction to be effective as of the date possession of such portion is delivered to the condemning authority. Lessor reserves all rights to damages and awards in connection therewith, except Lessee shall have the right to claim from the condemning authority the value of its leasehold interest and any relocation benefits.

MONTH TO MONTH TENANCY

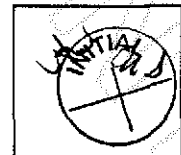
23. If Lessee remains in possession of the premises after the expiration or termination of the Lease term, or any extension thereof, such possession by Lessee shall be deemed to be a month-to-month tenancy, terminable as provided by law. During such month-to-month tenancy, Lessee shall pay all rent provided in this Lease or such other rent as the parties mutually agree in writing and all provisions of this Lease shall apply to the month-to-month tenancy, except those pertaining to term and option to extend.

SUBORDINATION

24. So long as Lessor has fully performed under the terms of this Lease, Lessee agrees to execute, within ten (10) days of written request by Lessor, the state's standard Tenant Estoppel and Subordination Agreements which have been approved as to form by the Office of the Attorney General. A \$400.00 processing fee will be assessed for processing these documents.

CAPTIONS

25. The captions and paragraph headings hereof are inserted for convenience purposes only and shall not be deemed to limit or expand the meaning of any paragraph.



NOTICES

26. Wherever in this Lease written notices are to be given or made, they will be sent by certified mail to the address listed below unless a different address shall be designated in writing and delivered to the other party.

LESSOR: Mount Vernon Center Associates, LLC
Post Office Box 13167
Mill Creek, Washington 98082-1167

LESSEE: Department of Enterprise Services **SRL 14-0002**
Real Estate Services
1500 Jefferson Street S.E., 2nd Floor
Post Office Box 41468
Olympia, Washington 98504-1468

IN WITNESS WHEREOF, the parties subscribe their names.

Mount Vernon Center Associates, LLC

By: William Schreiber
Printed Name: William Schreiber
Title: Managing Partner
Date: March 4, 2014

STATE OF WASHINGTON

Department of Labor and Industries

Acting through the Department
of Enterprise Services

Donald J. Becka
Donald J. Becka, Manager
Real Estate Services

Date: 4-8-14

RECOMMENDED FOR APPROVAL:

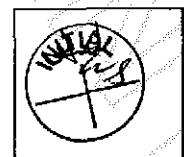
Guy Winkelman
Guy Winkelman, Facilities Senior Planner
Real Estate Services

Date: 3/11/14

APPROVED AS TO FORM:

By: Brian Follen
Assistant Attorney General

Date: 3/28/14



STATE OF NY
County of Richmond) ss.

On this 4 day of MARCH, 2014 before me personally appeared William Schreiber and said person(s) acknowledged that he signed this instrument, and on oath stated that he was authorized to execute the instrument and acknowledged it as the managing partner of Mount Vernon Center Associates, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

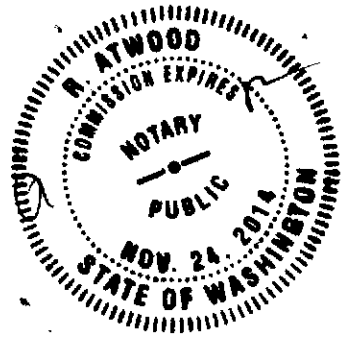
LINDA SINGALLI
Notary Public, State of New York
No. 01816089760
Qualified in Richmond County
Commission Expires May 31, 2015
May 03 2015

[Signature]
Notary Public in and for the State of Washington, NY
Residing at _____
My commission expires May 09 2015

STATE OF WASHINGTON)
County of Thurston) ss.

I, the undersigned, a Notary Public, do hereby certify that on this 8th day of April, 2014, personally appeared before me DONALD J. BECKA, Manager, Real Estate Services, Department of Enterprise Services, State of Washington, to me known to be the individual described in and who executed the within instrument, and acknowledged that he signed and sealed the same as the free and voluntary act and deed of the Department, for the purposes and uses therein mentioned, and on oath stated that he was duly authorized to execute said document.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.



[Signature]
Notary Public in and for the State of Washington,
Residing at Thurston County
My commission expires 11/24/14

