



200803310114

Skagit County Auditor

3/31/2008 Page 1 of 8 8 10:08AM

AFTER RECORDING RETURN TO:

Department of General Administration  
Real Estate Services  
P. O. Box 41015  
Olympia, Washington 98504-1015

Lease No. SRL 08-0021  
SR 039-02-07

(Mount Vernon) JAB/ij  
Page 1 of 8  
Date: February 20, 2008

LEASE

THIS LEASE is made and entered into between MV L.L.C., a Washington limited liability company whose address is Post Office Box 53308, Bellevue, Washington 98015, for its heirs, executors, administrators, successors, and assigns, hereinafter called the Lessor, and the STATE OF WASHINGTON, Department of Social and Health Services, acting through the Department of General Administration, hereinafter called the Lessee.

WHEREAS, the Department of General Administration 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: 340417-3-001-0208

Common Street Address: 900 E. College Way, Mount Vernon, Washington

Approximately 48,433 square feet of BOMA Gross office space, being a portion of the two (2) story building, located at 900 E. College Way, Mount Vernon, Washington, together with one hundred ninety (190) on-site code parking spaces, situate on a parcel of land legally described as:

Tract "A" of Short Plat MV-8-77, approved April 28, 1977, recorded April 28, 1977, recorded April 28, 1977 under Auditor's File No. 85522 in Volume 2 of Short Plats, page 53, being a portion of the Southwest 1/4 of Section 17, Township 34 North, Range 4 East, W.M., EXCEPTING therefrom:

All that portion of the above described Parcel A lying Northeasterly of a line beginning at a point opposite Highway Engineer's Station (hereinafter referred to as HES) 30+70.54 on the SR 538 survey line of SR 538. Jet. SR5 to LaVenture Road, and 40 feet Southerly therefrom; thence along the arc of a curve to the right having a radius of 35 feet to a point opposite HES 31+05.53 on said survey line and 74.65 feet Southerly therefrom; thence Southerly to a point opposite HES 31+06.28 on said survey line and 150 feet Southerly therefrom; thence Easterly parallel with said survey line 100 feet to a point and the end of this line description, Mount Vernon, Skagit County, Washington.

JAB  
TW

**USE**

2. The premises shall be used by the Department of Social and Health Services 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, 2008 and ending February 28, 2018.

**RENTAL RATE**

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

**March 1, 2008 to February 28, 2013:**

Seventy-Three Thousand Six Hundred Fifty-eight Dollars and Fifty-two Cents \$73,658.52 per month

**March 1, 2013 to February 28, 2018:**

Seventy-eight Thousand Seven Hundred Three Dollars and Sixty-three Cents \$78,703.63 per month

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

**EXPENSES**

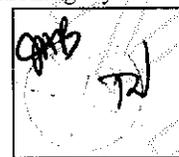
5. During the term of this Lease, Lessor shall pay all real estate taxes, all property assessments, insurance, storm water, janitorial service and maintenance and repair as described below.

5.1. Lessee shall pay for only water, sewer, garbage collection, electricity, natural gas, fluorescent tubes and restroom supplies.

5.2 Lessee shall reimburse Lessor for the cost of janitorial service each month upon receiving a properly executed voucher and a copy of the janitorial vendor's invoice. Lessor shall contract for janitorial service with a company mutually agreeable to Lessee and Lessor. If the Lessee considers the janitorial cost excessive or the level and quality of service inadequate, Lessee shall have the right, but not the obligation, to request and receive at least two (2) independent janitorial proposals from companies mutually acceptable to Lessee and Lessor. The Lessee shall have the right to select one of the alternate contractors, and Lessor shall employ their services upon receiving written notification from Lessee of their desired alternate choice.

**MAINTENANCE AND REPAIR**

6. The Lessor shall maintain the premises in good repair and tenable 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 and starters as required), plumbing, heating, ventilating and air-conditioning systems (including replacement of filters as recommended in equipment service manual); floor coverings; window coverings; elevators (including communications systems); 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;



200803310114  
Skagit County Auditor

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.).

- 6.1. The Lessor shall, at its sole cost and expense, between the 60<sup>th</sup> and 61<sup>st</sup> month of this Lease:
  - a) Repaint the interior surfaces of the building in accordance with the original specifications, if needed;
  - b) Replace and/or clean carpet or carpet tiles if needed;
  - c) Replace and/or clean ceiling tiles if needed; and
  - d) Caulk, paint, and clean all exterior surfaces of the building, if needed.

Lessee shall not be required to pay the rent increase referenced in Paragraph 4 above until all of the work requested by Lessee in a-d of this section 6.1. has been completed by Lessor and approved by Lessee.

**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 General Administration, 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 General Administration. 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.

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200803310114  
Skagit County Auditor

**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 General Administration 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 General Administration. 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.

*gpb*  
*TJ*



200803310114

Skagit County Auditor

**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 an 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 May 1, 2008, 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:

- a) Provide and install window in office 105;
- b) Replace landscaping (shrubs and pavers) and prune trees;
- c) Provide new side aisle adjacent to ADA parking stall;
- d) Replace VCT in lobby area with materials mutually agreed upon between Lessor and the GA Architect. Provide and install carpet in client sitting area as specified by the GA Architect, and replace existing carpet in areas as needed to match existing;
- e) Professionally deep clean carpet throughout;
- f) Provide and install dedicated exhaust for the first floor copy room;
- g) Replace stained, damaged or missing ceiling tiles to match existing color and pattern for a uniform appearance;
- h) Patch and paint interior walls to match existing;

**FIRST RIGHT FOR VACANT SPACE**

20. It is understood and agreed that the Lessor shall provide Lessee with an option to expand into 5,000 square feet during the first two (2) years of the Lease at the existing rate of \$18.25 per square foot per year for the term of March 1, 2008 to February 28, 2013 increasing to \$19.50 per square foot per year for the term of March 1, 2013 to February 28, 2018. If Lessee chooses to lease the expansion space, the space will be incorporated into this Lease by a lease amendment, at Lessee's discretion. All additional space shall be constructed at owner's sole cost and expense to meet the July 2005 Leased Office Space Requirements and the DSHS Addendum.

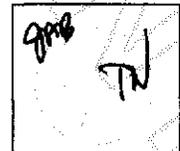
**CANCELLATION/SUPERSESSION**

21. This Lease cancels, supersedes, or replaces SRL 7609 dated April 2, 1997, and all modifications thereto effective March 1, 2008.



200803310114  
Skagit County Auditor

3/31/2008 Page 5 of 8 10:08AM



**WITHHOLDING OF RENT PAYMENTS**

22. 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 General Administration, 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 General Administration 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 General Administration 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**

23. If all the premises or such portions of 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.

**HOLDING OVER**

24. 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**

25. 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**

26. 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**

27. 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.

Handwritten initials and a signature in a box.



200803310114

Skagit County Auditor

LESSOR: MV L.L.C.  
Post Office Box 53308  
Bellevue, Washington 98015

LESSEE: Department of General Administration  
Real Estate Services  
210 - 11<sup>th</sup> Avenue SW., Room 230  
Post Office Box 41015  
Olympia, Washington 98504-1015

SRL 08-0021

IN WITNESS WHEREOF, the parties subscribe their names.

MV L.L.C.

By [Signature]

Title: MANAGING member

Date: 2/29/08

STATE OF WASHINGTON

Department of Social and Health Services

Acting through the Department  
of General Administration

[Signature]  
L. W. Perry, Property and Acquisition Manager  
Real Estate Services

Date: 3-28-08

SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

MAR 31 2008

Amount Paid \$0  
Skagit Co. Treasurer  
By mm Deputy

RECOMMENDED FOR APPROVAL:

[Signature]  
Julie Blume, Property and Acquisition Specialist  
Real Estate Services

Date: 3-13-08

APPROVED AS TO FORM:

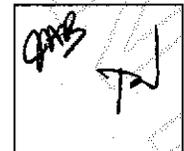
By [Signature]  
Assistant Attorney General

Date: 3-26-08



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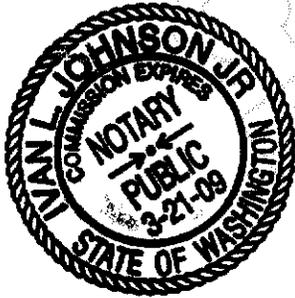
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STATE OF Washington )  
 ) ss.  
County of Olympia )

On this 29<sup>th</sup> day of February, 2008 before me personally appeared Tim Nelson 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 member of MV, 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.



[Signature]  
Notary Public in and for the State of Washington,  
Residing at Olympia  
My commission expires 3-21-09

STATE OF WASHINGTON )  
 ) ss.  
County of Thurston )

I, the undersigned, a Notary Public, do hereby certify that on this 28<sup>th</sup> day of March, 2008, personally appeared before me L. W. Perry, Property and Acquisition Manager, Real Estate Services, Department of General Administration, 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 Olympia  
My commission expires 3-21-09

QTB  
TW



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