



201612050078

Skagit County Auditor

\$81.00

12/5/2016 Page

1 of

9 10:38AM

## AFTER RECORDING RETURN TO:

Department of Enterprise Services  
Real Estate Services  
Post Office Box 41468  
Olympia, WA 98504-1468

SKAGIT COUNTY WASHINGTON  
REAL ESTATE EXCISE TAX

DEC 05 2016

Amount Paid \$  
Skagit Co. TreasurerBy  Deputy

Sublease No. SSL 16-0077  
SR 233-06-14

(Mount Vernon) ALG/cns

Page 1 of 9

Date: June 22, 2016

## SUBLEASE

1. This SUBLEASE, made and entered into by and between Northwest Services Council, dba Northwest Workforce Council, a non-profit entity having a 501 (c) (3) status whose interest in subject property is that of Lessee, whose address is Post Office Box 2009, Bellingham, Washington 98227, for its successors, and assigns, hereinafter called the Sublessor, and the State of Washington, Employment Security Department, acting through the Department of Enterprise Services (DES), in accordance with RCW 43.82.010., hereinafter called the Sublessee. Sublessor, entered into a lease with Richard S. Duffy, dba Highland Investment whose address is P.O. Box 398, Mt. Vernon, Washington 98273, as Lessor, dated June 24, 2016.

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

WHEREAS, the Sublessor and Sublessee deem it to be in the best public interest to enter into this Sublease;

## SUBLEASED PREMISES

2. The Sublessor hereby subleases to the Sublessee the following described premises:

Tax Parcel Number: 340417-0-083-0106 (P 25681)

Common Street Address: 2005 East College Way, Mount Vernon, Washington

Approximately 7,930 BOMA Rentable square feet of office space in the building located at 2005 East College Way, Mount Vernon, Washington legally described as follows: Lot 1, of Short Plat No. MV-11-80, approved November 21, 1980, recorded November 21, 1980, in Volume 5 of Short Plats, Page 6, under Auditor's File No. 8011210021, being a portion of the Southeast ¼ of the Northeast ¼ of Section 17, Township 34 North, Range 4 East, W.M., Skagit County, Washington.

## MASTER LEASE

3. Lessor acknowledges approval of this Sublease and this Sublease provision. Nothing contained in this provision is intended to alter or amend any of the terms or covenants of the Master Lease. However, all of the terms, covenants and conditions and agreements between the Sublessor and Sublessee are fully and completely set forth in this agreement. In the event of any



conflict between the provisions of the Sublease and the provisions of the Master Lease, Lessor acknowledges that, as between the Sublessor and Sublessee, the provisions of the Sublease shall control.

LESSOR NAME:

By: 

Printed Name: Richard S. Darry

#### USE

4. The premises shall be used by the Employment Security Department and/or other state agencies for the following purpose(s): office and service delivery to the general public.

#### TERM

5. TO HAVE AND TO HOLD the premises with their appurtenances for the term beginning July 1, 2016 and ending June 30, 2021.

#### RENTAL RATE

6. The Sublessee shall pay the Sublessor for the premises rent at the following rate:

Eleven Thousand Eight Hundred Thirty-five Dollars and Fifty-three Cents

\$11,835.53 per month

6.1 If the Sublessor receives any increases in the real property taxes as a result of the terms of the Master Lease, in addition to monthly rent under section 6, Sublessee shall pay Sublessee's proportionate share of such property tax increase; provided and such additional rent shall not exceed three percent (3%) of the annual rent payable under section 6, on an annual basis, of the year beginning on July 1.

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

#### EXPENSES

7. During the term of this Sublease, Sublessor shall pay all real estate taxes, all property assessments, insurance, storm water, water, sewer, garbage collection, janitorial service and restroom supplies, and maintenance and repair as described below, together with natural gas, electricity, elevator service, exterior window washing, and landscape and irrigation water.

7.1 Sublessee shall reimburse Sublessor for its pro rata share of the following Common Expenses: electricity, water, sewer, garbage, natural gas, two (2) dedicated phone lines for elevator & fire alarm monitoring and any other utility which is not separately metered but which is consumed by more than one tenant. Upon commencement of the Lease, the pro rata share of these Common Expenses for which the Sublessee is liable shall be 54.1%. After six (6) months, beginning on January 1, 2017, or when a new tenant has leased a portion of the unoccupied space in the building, whichever occurs first, the pro rata share of the expenses for which the Sublessee is liable shall be adjusted to 34%. Should the building become 100% occupied during the term of the lease, the pro rata share will drop to 32.92% when the building becomes fully occupied. Sublessor shall submit a monthly voucher (with a copy of all bills and proof of payment for which reimbursement is requested) to be paid by Sublessee for its pro rata portion based on Sublessee's agreed upon percentage as described above.

7.2 Building Operating Expenses are to be shared proportionately between the Sublessor and the Sublessee based on the Sublessee being responsible for 54.1% of the actual costs. These costs will be billed to the Sublessee by the Sublessor and may include but are not



limited to actual expenses of janitorial service, restroom supplies, waste paper recycling, sensitive document shredding, and repair and maintenance which is the responsibility of the Sublessor detailed in the terms of 2005 Master Lease and/or 2016 Addendum to Standard Lease.

7.3 The Sublessee shall include in its monthly payment to Sublessor an amount equal to three percent (3%) of the monthly rental rate in section 6 above (not including 6.1) multiplied by the Sublessee's pro rata share (currently 54.1%) as a building and contract management fee.

#### MAINTENANCE AND REPAIR

8. The Sublessor shall maintain the premises in good repair and tenantable condition during the continuance of this Sublease, except in case of damage arising from the negligence of the Sublessee's clients, agents or employees. For the purposes of maintaining and repairing the premises, the Sublessor reserves the right at reasonable times to enter and inspect the premises and to make any necessary repairs to the building. Sublessor'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; 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; 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

9. The Sublessee may assign this Sublease or sublet the premises, with the prior written consent of the Sublessor, which consent shall not be unreasonable withheld. Sublessor shall respond to approve or disapprove a request for consent within thirty (30) days of receipt of the request. If such response is not received within thirty (30) days, it will be considered approved and Sublessee will proceed with the sublease. Sublessor shall not permit the use of the premises by anyone other than the Sublessee, such assignee or sub-sublessee, and the employees, agents, and servants of the Sublessee, assigns or sub-sublessee.

#### PAYMENT

10. Any and all payments provided for herein when made to the Sublessor by the Sublessee shall release the Sublessee from any obligation therefore to any other party or assignee.

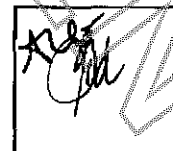
#### RENEWAL/CANCELLATION

11. The Sublease may, at the option of the Sublessee, be renegotiated for an additional five (5) years contingent upon renewal of the master lease.

11.1 It is provided, however, that should the funds be reduced or not be allocated, there is expressly reserved to the Sublessee the right and option to terminate this Sublease and to relinquish and give up said premises by giving written notice to the Sublessor at least ninety (90) days prior to the effective date of such termination, in which event rent shall be prorated to the date of termination.

#### ENTIRE AGREEMENT

12. All prior understandings and agreements between the parties are merged within this Sublease, which alone fully and completely sets forth the understanding of the parties; and this



Sublease may not be changed or terminated orally or in any manner other than by written agreement.

#### COMPLIANCE WITH STATE/FEDERAL LAWS

13. Sublessor is responsible for complying with all applicable provisions of the Americans With Disabilities Act of 1990 and all amendments and regulations thereto and the Washington State Law Against Discrimination, Chapter 49.60 RCW, as well as the regulations adopted thereunder, with respect to the subleased premises.

#### FIXTURES

14. The Sublessee, upon the written authorization of the Department of Enterprise Services, shall have the right during the existence of this Sublease with the written permission of the Sublessor (such permission shall not be unreasonably withheld), to make alterations, attach fixtures, and erect additions, structures or signs, in or upon the premises hereby subleased. 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 Sublessee and may be removed therefrom by the Sublessee upon the termination of this sublease. Any damage caused by the removal of any of the above items shall be repaired by the Sublessee.

#### ALTERATIONS/IMPROVEMENTS

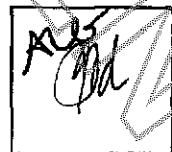
15. In the event the Sublessee requires alterations/improvements during the term of this Sublease, any renewals and/or modifications thereof, the Sublessor shall have the right to provide such services. If required by state law, the Sublessor shall pay prevailing rate of wage to all workers, laborers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

#### PREVAILING WAGE

16. Sublessor agrees to pay the prevailing rate of wage to all workers, laborers, or mechanics employed in the performance of any part of this Sublease 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 Sublease will be performed as determined by the Industrial Statistician of the Department of Labor and Industries, are by reference made a part of this Sublease as though fully set forth herein.

#### DISASTER

17. In the event the subleased premises are destroyed or injured by fire, earthquake or other casualty so as to render the premises unfit for occupancy, and the Sublessor(s) neglects and/or refuses to restore said premises to their former condition, then the Sublessee may terminate this sublease 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 Sublessee 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**

18. It is understood that no guarantees, express or implied, representations, promises or statements have been made by the Sublessee unless endorsed herein in writing. And it is further understood that this Sublease 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 Sublease must be in writing and signed by both parties.

**ENERGY CONSERVATION**

19. Sublessor has conducted an energy walk-through survey of the subleased premises using the DES walk-through survey and energy consumption form. The survey is for the purpose of identifying improvements to maintenance and operating conditions and procedures that would conserve energy. The Sublessor shall provide DES with a copy of the completed walk-through form and as soon as practicable thereafter, implement identified improvements to energy conservation maintenance and operating procedures.

**REIMBURSEMENT FOR DAMAGE TO PREMISES**

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

**HAZARDOUS SUBSTANCES**

21. Sublessor 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 subleased 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.

Sublessor shall indemnify and hold harmless the Sublessee 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 Sublessee.

**ADDITIONAL SUBLEASE PROVISIONS**

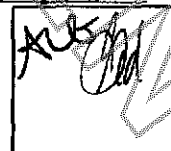
22. It is agreed that the Sublessor shall, at Sublessor's sole cost and expense, on or before October 1, 2016, complete in a good and workmanlike manner the following items:

**SITE:**

- a. **Parking:** Clean and sweep all parking areas, driveways and sidewalks on all portions of the site serving this facility. Restripe parking lot. 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)
- 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.



**INTERIOR:**

- e. Relites and Windows: Clean all relites, windows and frames.
- f. 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)

**MECHANICAL: (Division 15 - Mechanical)**

- g. Grilles and Diffusers: Clean all HVAC supply and return air diffusers and grilles.
- h. HVAC System: Verify that the HVAC system serving this space is performing as originally designed. Provide a copy of the most recent balance report and a schedule for modification/correction if system operation is found to be out of compliance with original design parameters.
- i. Filters: Replace disposable air filters and clean permanent filters.

**ELECTRICAL: (Division 16 – Electrical)**

- j. Light Fixtures: Within twelve (12) months from the date of the Sublease, verify that all light fixtures utilize electronic ballasts and have either T-5 or T-8 lamps and comply with energy code to provide a minimum 35 average maintained foot candles at work surface desk levels. Several fluorescent fixtures have tubes with different CRI ratings. Retube as necessary to provide consistent CRI rating and to meet the Exhibit "A". (Sections 16510 – Fixture Types and 16530 - Switching)

**WITHHOLDING OF RENT PAYMENTS**

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

**CONDEMNATION**

24. 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 Sublease shall automatically terminate as of the date Sublessee 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 Sublessee's determination, then the Sublease 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. Sublessor reserves all rights to damages and awards in connection therewith, except Sublessee shall have the right to claim from the condemning authority the value of its leasehold interest and any relocation benefits.

**MONTH TO MONTH TENANCY**

25. If Sublessee remains in possession of the premises after the expiration or termination of the Sublease term, or any extension thereof, such possession by Sublessee shall be deemed to be a month-to-month tenancy, terminable as provided by law. During such month-to-



month tenancy, Sublessee shall pay all rent provided in this Sublease or such other rent as the parties mutually agree in writing and all provisions of this Sublease shall apply to the month-to-month tenancy, except those pertaining to term and option to extend.

#### SUBORDINATION

26. So long as Sublessor has fully performed under the terms of this Sublease, Sublessee agrees to execute, within ten (10) days of written request by Sublessor, 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

27. 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.

#### INSURANCE

28. It is recognized that the State of Washington, including all its agencies and departments (which includes the Sublessee), is self-insured for all exposure to general liability and vehicle liability as provided in the Risk Management Act, Revised Code of Washington (RCW) 43.19.766. The Self-Insurance Liability Program provides first dollar coverage up to \$5 million per occurrence. The Self-Insurance Liability Program is continuous unless abolished by the Washington State Legislature.

It is further recognized that the Tort Claims Act, RCW 4.92 et seq., provides the fundamental remedy for all liability claims against the state, its agencies and departments and/or the actions of its officers, employees and volunteers while engaged in the performance of their official duties. Such claims must be filed with the Office of Financial Management, Office of Risk Management for processing according to statute.

#### LEGAL RELATIONS

29. A state agency does not have authority to enter into a contract that agrees to hold another party harmless and to indemnify the other party for its loss. No party shall be liable for damage or claims which arise from or relate to the performance or non-performance of this agreement by any other party. Each party shall be responsible only for the negligent acts and omissions of its own officers, employees, and agents, and no party shall be considered the agent of the other.

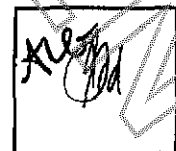
#### NOTICES

30. Wherever in this Sublease 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.

SUBLESSOR: Northwest Services Council  
dba Northwest Workforce Council  
Post Office Box 2009  
Bellingham, Washington 98227

SUBLESSEE: Department of Enterprise Services  
Real Estate Services  
1500 Jefferson Street S.E., 2<sup>nd</sup> Floor  
Post Office Box 41468  
Olympia, Washington 98504-1468

SSL 16-0077



IN WITNESS WHEREOF, the parties subscribe their names.

Northwest Services Council  
dba Northwest Workforce Council

By: [Signature]

Title: CEO

Date: July 11, 2016



STATE OF WASHINGTON

Employment Security Department

Acting through the Department  
of Enterprise Services

[Signature]  
Seth Wallace, Assistant Director  
Real Estate Services

Date: 7/29/16

RECOMMENDED FOR APPROVAL:

[Signature]  
Amanda Gullickson, Property & Acquisition Specialist  
Real Estate Services

Date: 7/18/2016

APPROVED AS TO FORM:

By: [Signature]  
Assistant Attorney General

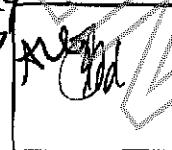
Date: 7/26/16

STATE OF Washington  
County of Whatcom ) ss.

On this 11 day of July, A.D. 20 16, before me personally appeared Gary Dubick to me known to be the Executive Director of 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, said on oath stated that Dubick was authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

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 4915 Sam L Way, 98229  
My commission expires May 1, 2017

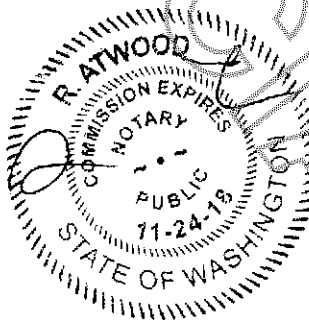




STATE OF WASHINGTON       )  
  ) ss.  
County of Thurston        )

I, the undersigned, a Notary Public, do hereby certify that on this 29th day of July, 2016, personally appeared before me SETH WALLACE, 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 11/24/18

