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07/15/2019 10:19 AM Pages: 1 of 9 Fees: \$109.50
Skagit County Auditor

AFTER RECORDING RETURN TO:

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

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

JUL 15 2019

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

Lease No. SRL 19-0035
SR 18-10-232

(Sedro-Woolley) GAW/cns
Page 1 of 9
Date: April 16, 2019

LEASE

THIS LEASE is made and entered into between Soli Deo Gloria LLC, a Limited Liability Company whose address is 2225 Riverside Drive, Mount Vernon, Washington 98273 for its heirs, executors, administrators, successors, and assigns, hereinafter called the Lessor, and the STATE OF WASHINGTON, Department of Natural Resources, 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: P105306

Common Street Address: 632 Sunset Park Drive, Suites C & G, Sedro-Woolley, Washington 98284

Approximately 3,155 BOMA Rentable square feet of office and warehouse space on the 1st and 2nd floors where indicated on attached Exhibit "A", initialed by all parties and incorporated herein by reference, located at 632 Sunset Park Drive, Suites C & G, Sedro-Woolley, Washington 98284 together with on-site code parking in the front parking lot and unobstructed turn-around and parking space in back of the building legally described as Lot 21, Sunset Industrial Park-S/P SW-01-93 BSP, Recorded under Auditor's File Number 9406100051, County of Skagit, Washington.

USE

2. The premises shall be used by the Department of Natural Resources and/or other state agencies for the following purpose(s): office space and storage space. Office use includes associated office activities, such as trainings, conferences, retreats, open public meetings, health and wellness activities, and office related parties and social events.

TERM

3. TO HAVE AND TO HOLD the premises with their appurtenances for the term beginning July 1, 2019 and ending June 30, 2024.



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3.1 Lessor shall provide beneficial occupancy commencing on June 17, 2019 to allow Lessee to construct improvements, to install equipment (including telecommunications and data wiring), to move in and set up furniture and materials, and to use the Premises (including parking areas) for the intended purposes. The term "beneficial occupancy" means that the Lessor has completed the work necessary for the Lessee to perform those functions and the Premises are ready for Lessee to do so, even though it remains for the Lessor to complete other work that is cosmetic or nonessential to such use of the Premises. Said beneficial occupancy shall be subject to the terms and conditions of this Lease except for the July 1, 2019 commencement date of the Term and obligation to pay rent as provided herein.

RENTAL RATE

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

July 1, 2019 to December 31, 2021:

Three Thousand Four-Hundred Dollars and No Cents \$3,400.00 per month

January 1, 2022 to June 30, 2024:

Three Thousand Six-Hundred Thirty Dollars and No Cents \$3,630.00 per month

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

4.1. Rent shall be prorated to the actual date of occupancy if a period of rent is not a complete month.

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, custodial services and restroom supplies (in accordance with paragraph 18, item h. herein) and maintenance and repair as described below, together with exterior window washing, landscape and irrigation water.

5.1. Lessee shall pay for only individually metered electricity, natural gas to Lessee' leased space.

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 agents or employees. For the purposes of maintaining and repairing the premises, the Lessor reserves the right at reasonable times upon reasonable notice 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; 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.).

6.1 Lessor shall as part of maintenance provide de-icing and snow and debris removal service. At a minimum, Lessor shall treat or remove, before normal business hours and at other times as soon as practical thereafter, debris, snow and/or ice from the parking lot and all



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sidewalks and entrances. Without prior notice, Lessor shall apply de-icer and/or sand as necessary to any sidewalks and entrances to avoid unsafe conditions; snow removal in parking lots to take place when an excess of 2 inches of snow occurs; provided, any icy or dangerous conditions must be addressed. This provision does not create any third parties beneficiary rights, including but not limited to rights in any member of the public or state employees, to enforce this provision, rely upon it, or to reference it in any legal action.

ASSIGNMENT/SUBLEASE

7. Except for sublet for use by other State agencies per Paragraph 2 (USE) the Lessee may not assign this Lease or sublet the premises without the prior written consent of the Lessor, which consent shall not be unreasonably withheld or delayed. Lessor 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 days, it will be considered approved and Lessee will proceed with sublease. 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.

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

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, 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 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 Lessee's removal of any of the above items shall be repaired by the Lessee. Any improvements that the Lessee does not remove within 30 days after the termination of the Lease shall become the property of the Lessor, and the Lessee shall have no responsibility to remove them, pay for removal, or repair any damage caused by their removal by another. This provision shall survive termination of the Lease.



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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.

REIMBURSEMENT FOR DAMAGE TO PREMISES

16. The Lessee hereby agrees to reimburse the Lessor for damages caused by the negligence of its employees 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

17. 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.



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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

18. It is agreed that the Lessor shall, at Lessor's sole cost and expense, on or before July 1, 2019, 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 "B", specifically, the following items:

- a. Upgrade lighting systems to LED.
- b. Repair/replace broken window seals.
- c. Deep clean all indoor and outdoor surfaces.
- d. Paint all walls within this leased space with Exhibit "B"-compliant product. Colors shall be selected or approved from Lessor submitted samples by the Lessee. Lessee shall reimburse Lessor One Thousand \$1,000.00 for painting, paint supplies and labor.
- e. Remove existing carpet and provide and install new Exhibit "B"-compliant/or equivalent carpet throughout leased space to replace existing carpet. Colors shall be selected or approved by the Lessee from Lessor-submitted samples.
- f. Provide the ability to close or damper HVAC system to warehouse/storage area to Unit C – downstairs overhead door area.
- g. Re-key all doors with lock sets exclusive to Lessee's leased space.
- h. Lessor shall provide custodial services at a frequency of at least once a week as follows: Provide and utilize 'Green' cleaning supplies. Services include vacuuming, dusting, emptying garbage cans, cleaning both upstairs and downstairs restrooms (disinfect toilets, sinks, mirrors, downstairs shower). Clean kitchen area including counter and sink. Sweep and mop resilient floors including entry areas, kitchen floor and both restroom floors. Lessor shall provide toilet paper, paper towels and garbage can liners to Lessee's leased space. Lessee shall reimburse Lessor Three Hundred (\$300.00) Dollars per month for said custodial services.

DUTY TO CURE

19. Upon receiving notice of a condition requiring a cure, the party obligated to effect the cure shall initiate and complete cure or repair of such condition within a reasonable time. A condition requiring cure includes, without limitation: (1) a condition for which the Lease requires either party to undertake repair/ replacement and/or other maintenance of the Premises, (2) a condition where either has failed to maintain a service or utility account in good standing as required by the Lease, and (3) any other condition resulting from a party's failure to carry out any obligation under the Lease, including without limitation obligations for rent, charges, improvements, alterations, and/or deferred maintenance, and remediation of damages for which a party is responsible under the Lease. Premises include all fixtures and equipment provided within the Premises by the Lessor.

The term "reasonable time" as used within this paragraph of the Lease shall mean as soon as reasonably possible but no longer than thirty (30) days, unless either (1) an emergency condition exists requiring an immediate cure to promptly begin without delay; usually within hours and to be complete within 24 hours to the extent reasonably possible in light of the nature of the condition and circumstances, or (2) a non-emergency condition exists that is not reasonably possible to cure within 30 days with due diligence and the breaching party provides the level of cure or preparation for cure that is reasonably possible to do with due diligence within 30 days.

If an emergency or non-emergency condition exists that is not reasonably possible to completely cure within 24 hours or 30 days, respectively, the party obligated to cure shall so notify the other party within 24 hours or 30 days, respectively. Such notice shall explain why the cure is not reasonably possible with due diligence to complete within 24 hours (if an emergency) or 30 days (if a non-emergency) and provide the earliest date that the work can be completed as soon as reasonably



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possible. It is not a justifiable ground for delay that the party obligated to effect the cure does not have available funding to accomplish the cure or that a preferred contractor has limited availability if other contractors can satisfactorily perform the work sooner at reasonable cost.

The term "emergency condition" shall mean a condition requiring a cure that (i) prevents or substantially disrupts the Lessee from using all or a substantial part of the premises, or (ii) causes or substantially threatens to cause injury to persons or damage to property or raises a substantial danger to the health or safety of any persons on or using the premises. Notice under this paragraph may be by the means allowed in the Notice paragraph, but in addition includes actual notice/awareness that Lessor or Lessee has of a condition independent of any such notice.

SELF HELP

20. If the party obligated to effect the cure does not cure within the time required by this Lease, the other party may cure all or part of the default after providing notice to the party obligated to effect the cure of its intent to perform such cure, and, if applicable, recover the costs incurred in curing the default. If the nonbreaching party is the Lessee, the Lessee may deduct all reasonable costs incurred from rent or other charges owed to Lessor. If the nonbreaching party is the Lessor, Lessor will submit properly executed vouchers and proof of payment to Lessee and Lessee shall remit payment to Lessor within thirty (30) days or as soon as is practicable. A party's costs incurred to cure include, but are not limited to, all reasonable out-of-pocket expenses, payment of unpaid utility or services charges for which the other party is responsible, and all administrative costs the non-breaching party reasonably incurs and documents in performing or arranging for performance of the cure.

The nonbreaching party is under no obligation to cure some or all of the default of the breaching party. To the extent that the nonbreaching party does not cure the default, the nonbreaching party may pursue its legal and contractual remedies against the breaching party. The nonbreaching party's failure to cure the breaching party's default does not waive the nonbreaching party's rights to relief. Nothing herein removes or lessens either party's obligation to mitigate damages.

If the Lessee elects to cure using self-help in part or whole, the Lessor shall defend, save, and hold harmless the Lessee, its authorized agents and employees, from all claims, actions, costs, damages or expenses of any nature whatsoever arising out of or in connection with such cure, except where RCW 4.24.115 is applicable and injuries and/or damages are caused by the sole negligence of the Lessee, its agents, or employees. If RCW 4.24.115 is applicable and liability for damages arises out of bodily injury to persons or damages to property and is caused by or results from the concurrent negligence of the Lessee, its agents, or employees, Lessor's liability, including the duty and cost to defend, hereunder shall apply only to the extent of the negligence of Lessor, its agents, or employees.

DEFAULT LEADING TO TERMINATION

21. If either party fails to initiate and complete cure of a condition requiring cure within a reasonable time after receiving notice of such condition, the nonbreaching party may initiate a default leading to termination of the Lease by providing written notice to the breaching party of the continuing breach. If the breaching party does not complete the cure of the breach within 60 days after receiving such written notice initiating default leading to termination, the nonbreaching party may at such time, or at a later date if the cure has still not been completed, declare a termination by default by so notifying the breaching party. Cure of a condition after a valid notice of termination by default is provided, but before termination, shall void a valid notice of termination of the Lease.

If a termination by default is declared or a court so orders, the date of termination shall be determined based on the earliest reasonable date that the Lessee may move and relocate from premises or as agreed by the parties. The determination shall be made in light of available funding for the move, the date at which suitable replacement premises can be fully available, and the time reasonably needed to plan and complete the move.



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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.

INTEGRATED DOCUMENT

26. This Lease and the exhibits hereto constitute the entire agreement between the parties with respect to the lease of Premises and supersedes all prior and contemporaneous agreements and understandings between the parties hereto relating to the subject matter hereof.

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.

LESSOR: Soli Deo Gloria LLC
2225 Riverside Drive
Mount Vernon, Washington 98273

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

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IN WITNESS WHEREOF, the parties subscribe their names.

Soli Deo Gloria LLC

By: Denise L. Skelton
Printed Name: Denise L. H. Skelton
Title: Managing Member
Date: 5-7-19

STATE OF WASHINGTON

Department of Natural Resources

Acting through the Department
of Enterprise Services

Seth Wallace, Assistant Director
Real Estate Services

Date: 5/23/19

RECOMMENDED FOR APPROVAL:

Guy Winkelman
Guy Winkelman, Facility Senior Planner
Real Estate Services

Date: 5/8/19

APPROVED AS TO FORM:

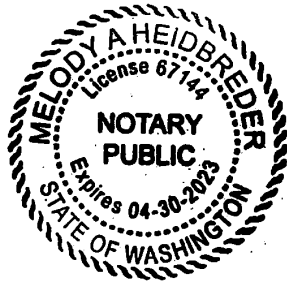
By: Brian Tallie
Assistant Attorney General

Date: 5/17/19

STATE OF Wash.)
County of S King) ss.

On this 7th day of May, 2019 before me personally appeared Denise Skelton and said person(s) acknowledged that she signed this instrument, and on oath stated that she was authorized to execute the instrument and acknowledged it as the managing member of Soli Deo gloria 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.



Melody A. Heidbreder
Notary Public in and for the State of Washington
Residing at 117 Vernon Way
My commission expires 4-30-2023



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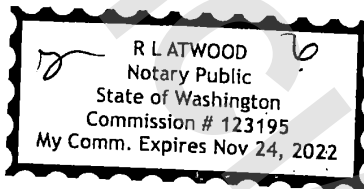
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STATE OF WASHINGTON)
) ss.
County of Thurston)

I, the undersigned, a Notary Public, do hereby certify that on this 23rd day of May, 2019, personally appeared before me SETH WALLACE, Assistant Director, 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.



Robert

Notary Public in and for the State of Washington,
Residing at Thurston Co
My commission expires 11-24-22

