AFN #2016002605 Recorded Dec 12, 2016 12:35 PM DocType: AGLS Filed by: STATE OF WASHINGTON DEPT. OF ENTERPRISE SERVICES Page: 1 of 10 File Fee: \$82.00 Auditor Robert J. Waymire Skamania County, WA

AFTER RECORDING RETURN TO:

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

Lease No. SRL 16-0115 SR 189-06-15 (Stevenson)AAJ/cns Page 1 of 10 Date: October 20, 2016

LEASE

THIS LEASE is made and entered into between <u>Vine Street Investors, LLC</u>, a <u>Washington limited liability company</u> whose address is <u>Post Office Box 430</u>, <u>Arlington, Washington 98223-0430</u>, for <u>its</u> heirs, executors, administrators, successors, and assigns, hereinafter called the Lessor, and the STATE OF WASHINGTON, <u>Department of Social and Health Services</u>, 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: -02-07-01-1-1-4190-00 and 02-07-01-1-1-4000-00.

Common Street Address: 266 Second Avenue, Stevenson, Washington.

Approximately 6,332 square feet of office space, being the entire building located on Parcels No. 02-07-01-1-1-4190-99- and No. 02-07-01-1-1-4000-00 commonly known as 266 Second Avenue, in the City of Stevenson, Washington; together with exclusive use of thirty (30) designated parking stalls, twenty-four (24) of which are covered, including parking designated for persons with disabilities per code, all situate on property legally described as: Lots 22, 23, and 24, Block 7, "Town of Stevenson," situated in the Northeast quarter of Section 1, Skamania County, Washington.

USE

2. The premises shall be used by the <u>Department of Social and Health Services</u> and/or other state agencies for the following purpose(s): <u>office space</u>. 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.



AFN #2016002605 Page: 2 of 10

Lease No. SRL 16-0115

October 20, 2016

Page 2 of 10

TERM

3. TO HAVE AND TO HOLD the premises with their appurtenances for the term beginning <u>July 1</u>, <u>2017</u> and ending <u>June 30, 2022</u>.

RENTAL RATE

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

Eight Thousand Eight Hundred Thirty-eight Dollars and Forty-two Cents

\$8,838.42 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 \$8,495.43 per month, as required under SRL 12-0066 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, and maintenance and repair as described below.
- 5.1. Lessee shall pay for only water, sewer, garbage collection, electricity, interior light tubes and bulbs, gas, janitorial 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 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; 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. 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.

AFN #2016002605 Page: 3 of 10

Lease No. SRL 16-0115

October 20, 2016

Page 3 of 10

RENEWAL/CANCELLATION

8. The Lease may, at the option of the Lessee, be renegotiated for an additional <u>five</u> (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, 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 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. Transwestern Real Estate Services, Inc. ("Transwestern") is authorized as the Lessors' agent to perform alterations/improvements as referenced herein and as such, is authorized to receive payment directly for said work. Lessee shall continue to pay Lessor as general contractor for "lease renewal remodels' and "tenant improvements" as invoiced by Lessor under the specific statewide vendor number; provided Lessee shall not be required to pay twice for the same work and Lessor shall reimburse Lessee for any work for which it pays both Transwestern and Lessor.

PREVAILING WAGE

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.

October 20, 2016

Page 4 of 10

DISASTER

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 uncarned 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 CONSERVATION

16. Lessor has conducted an energy walk-through survey of the leased premises using the DES walk-through survey form. The survey is for the purpose of identifying improvements to maintenance and operating conditions and procedures that would conserve energy. The Lessor 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. Any measures required to be implemented will fall within the 2005 Leased Space Requirements.

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 July 1, 2017, 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:



AFN #2016002605 Page: 5 of 10

Lease No. SRL 16-0115

October 20, 2016

Page 5 of 10

SITE:

- a. Parking: Clean and sweep all parking areas, driveways and sidewalks on all portions of the site serving this facility, including open garage area on lower level. Reapply parking stall striping and other pavement markings as required so as to achieve full visibility and clarity. Adjust, if necessary, all wheel-stops and other traffic control devices so they function to the capacity as originally designed. (Section 02500 Paving and Surfacing)
- b. 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:

- c. Windows: Clean windows and frames.
- d. Signage: Install 3'x 5'aluminum sign provided by DSHS in approved location over front entry centered in the gable. (Section 10400 Identifying Devices)
- e. <u>Siding and soffits: Clean/repaint exterior siding and fascia as necessary to provide a clean finish appearance.</u>
 Remove insect/spider nests.

INTERIOR:

- f. Relites and Windows: Clean all relites, windows and frames.
- g. <u>Ceiling Tiles:</u> 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)
- h. Paint: Apply touch-up paint in all high traffic areas. Where possible, apply touch-up paint 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 where necessary. Lessee shall remove all personal items, computers and associated Lessee equipment.
- i. 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) Lessor to remove and re-install all furniture and partitions and shall provide a licensed electrician to disconnect and reconnect all hard wired connections where necessary. Lessee shall remove all personal items, computers and associated Lessee equipment.
- j. Toilet seats in public restrooms: Replace the toilet seats in both men's and women's public ADA restrooms off lobby.
- k. Exit Sign: replace broken ceiling Exit Sign at entrance to NE hallway to side door.

ACCESSIBILITY: (RES Accessibility Addendum)

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

MECHANICAL: (Division 15 - Mechanical)

- m. Grilles and Diffusers: Clean all HVAC supply and return air diffusers and grilles.
- n. 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.
- o. Filters: Replace disposable air filters and clean permanent filters.
- p. 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.

ELECTRICAL: (Division 16 – Electrical)

q. <u>Light Fixtures: 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 (Note 1: as of 2012, T-12 lamps may no longer be manufactured and Note 2: To meet energy code and avoid excessive light levels, it may be necessary to reduce the number of bulbs per fixture). (Sections 16510 – Fixture Types and 16530 - Switching)</u>

October 20, 2016

Page 6 of 10

Lessor will provide Lessee \$12,664.00 to be applied at Lessee's sole discretion to credit towards tenant improvements over and above state specifications.

CANCELLATION/SUPERSESSION

This Lease cancels, supersedes, or replaces SRL 12-0066 dated May 14, 2012, and all modifications thereto effective July 1, 2017.

DUTY TO CURE

Upon receiving notice of a condition requiring a cure, the party obligated to effect the cure shall 22. 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 possible. It is not a justifiable ground for delay that the party obligated to effect the cure does not have available funding to accomplish to 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

If the party obligated to effect the cure does not cure within the time required by this Lease, the 23. 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.

October 20, 2016

Page 7 of 10

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

24. 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 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 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.

WITHHOLDING OF RENT PAYMENTS

25. 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

26. 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.



October 20, 2016

Page 8 of 10

MONTH TO MONTH TENANCY

27. 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

28. 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

29. 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

30. 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

31. 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: <u>Vine Street Investors, LLC</u>

Post Office Box 430

Arlington, Washington 98223-0430

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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SRL 16-0115

IN WITNESS WHEREOF, the parties subscribe their names.

Vine Street Investors, LLC	STATE OF WASHINGTON
By: // /	Department of Social and Health Services
Printed Name: J. BRENT MIKINLEY	Acting through the Department of Enterprise Services
Title: MANAGING MEMBER	
Title: MANAGIAG MEMBEN Date: 11/1/16	Seth Wallace, Assistant Director Real Estate Services Date:
	RECOMMENDED FOR APPROVAL:
	Anarew Jenkins, SHS Embedded Team Manager Real Estate Services
	Date: 11/3/2016
	APPROVED AS TO FORM:
	By: Bion Fell
	Assistant Attorney General
	Date: 11/9/16
STATE OF Washington)	
County of Snahamish) ss.	
On this 1st day of November J. Brent MCKNLY signed this instrument, and on oath stated that be we	and said person(s) acknowledged that he
it as the managing my	<u>unber</u> of
the uses and purposes mentioned in the instrument.	to be the free and voluntary act of such party for
In Witness Whereof I have hereunto set my hand a written.	and affixed my official seal the day and year first above
Residi	Public in and for the State of Washington, ing at Mourysvill 120 ammission expires 10 1917
MINATE OF WARREN	10°/

AFN #2016002605 Page: 10 of 10

Lease No. SRL 16-0115	October 20, 2016	Page 10 of 10
STATE OF WASHINGTON)	
) ss.	
County of Thurston)	
I, the undersigned, a Notary Public, do hereby certify that on this day of Lower May of Lower Ma		
written.	ive nereunio set my nand and arrixed my orneia	iseal the day and year first above
TWOOD NARY NOW AND NAME OF THE PARTY NAME OF THE	Notary Public in and for the Sesiding at	State of Washington,
ATE OF W	A LINE STATE OF THE STATE OF TH	. 1