

Date: October 1, 2016

LEASE

THIS LEASE is made and entered into between City of Everett, a municipal corporation whose address is 2930 Wetmore Avenue, Suite 10-A, Everett, Washington 98201, for its heirs, executors, administrators, successors, and assigns, hereinafter called the Lessor, and WORKFORCE DEVELOPMENT COUNCIL SNOHOMISH COUNTY, hereinafter called the Lessee.

WHEREAS, Lessor and Lessee desire to replace the existing lease dated March 27, 2015, and modify the Rental Rate and Premises for the period from October 1, 2016, through April 30, 2020, by this new lease agreement.

WHEREAS, 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: 4390744013008

Common Street Address: 3201 Smith Avenue, Everett, Washington 98201

Approximately **15,481** square feet of office space on the third and fourth floors of a four-story building, in the building commonly known as "Everett Station" (hereinafter referred to as the ' Building') and as generally shown hachured on the attached 3rd and 4th Floor Plan at Everett Station drawing. The legal description for the building is:

That portion of Blocks 744 and 759 in the Everett Land Company's First Addition to the City of Everett. According to the plat thereof recorded in Volume 3 of Plats, Page 20, vacated 32^{'''} Street and the east half of the northwest quarter of Section 29, Township 29 North, Range 5 East W.M. in Snohomish County, Washington, described as follows:

Beginning at the southwest corner of Lot 3, said Block 759: thence northwesterly along the northeasterly right-or-way line of Smith Avenue, according to the recorded plat thereof, in Volume 3 of Plats, Page 20, to the northwest corner of Lot 13, said Block 744; thence northeasterly along the northwest line of said Lot 13 and the northeasterly extension of said line to the point of intersection with a line drawn parallel with, and distant 40.0 feet southwesterly of Burlington Northern Railroad Company's Main Track centerline, as now located and constructed: extension of the southeasterly line of said Lot 3, Block 759; thence southwesterly along said southeasterly line to the point of beginning.

USE

2. The premises shall be used by Lessee for the following purpose(s): office space. ("Permitted Use") and for no other purpose without the prior written consent of Lessor, which consent shall not be unreasonably withheld, Lessor's withholding of consent shall be deemed reasonable if Lessor determines that any proposed use is either (i) inconsistent with the maintenance and operation of the Building, or (ii) inconsistent with the conditions, covenants, restrictions and any reasonable Rules and Regulations to be established applicable to the Building. No act shall be

done in or about the Premises that is unlawful. Lessee shall not commit any act that will increase the then existing rate of insurance (primary or excess) on the Building without Lessor's consent. Lessee shall promptly pay upon demand the amount of the increase in insurance caused by such act or acts done by Lessee. Lessee shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance or other act which disturbs the quiet enjoyment of any other tenant in the Building. Without the written consent of Lessor, Lessee shall not use any apparatus, machinery or device in or about the Premises that will cause any substantial noise, vibration or fumes. Lessee shall comply with all laws relating to its use or occupancy, of the Premises and shall observe such reasonable rules and regulations (not inconsistent with the terms of this Lease) as may be adopted and made available to Lessee by Lessor from time to time for the safety, care and cleanliness of the Premises or the Building, and for the preservation of good order therein.

TERM

3. TO HAVE AND TO HOLD the premises with their appurtenances beginning on October 1st, 2016, and terminating at midnight on April 30th, 2020, unless terminated earlier as provided for under Section 8, RENEWAL/CANCELLATION, section below.

RENTAL RATE

4. \$1,341,295.90 total amount to be paid over entire lease term period payable in monthly payment amounts of \$31,192.93. Effective straight line rental rate is \$24.18/SF for the term of this lease.

Payments 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 applicable real estate taxes, all property assessments, insurance, storm water, water, sewer, garbage collection, and maintenance and repair as described below, together with natural gas, electricity, elevator service, exterior and interior window washing, landscape and irrigation water, and janitor service. Janitorial service includes exterior and interior window washing, restroom supplies and light bulb replacement.

5.1 Lessee's "all-in" RENTAL RATE per Section 4 above includes all costs for: electricity, janitorial service and supplies and restroom supplies to the Premises.

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 obligation 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.).

6.1 Nothing in this Lease shall be construed or interpreted to impose any obligation on Lessor to maintain or repair Lessee's Trade Fixtures, personal property or furnishings. No damages, compensation or claim shall be payable by Lessor for inconvenience, loss of business or annoyance arising from any repair or restoration of any portion of the Premises or the Building.

6.2. Lessor shall not be liable for any loss, injury or damage to person or property caused by or resulting from any variation, interruption, or failure of such services beyond Lessor's reasonable control to make any repairs or perform any maintenance, unless due to Lessor's negligence. No temporary interruption or failure such services incident to the making of repairs, alterations, or improvements, or due to accident strike or conditions or events beyond Lessor's reasonable control or charges in or reduction of such services shall be deemed an eviction of Lessee or relieve Lessee from any of Lessee's obligations hereunder.

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. This lease agreement may be renewed for three additional one (1) year terms at Lessee's option and subject to Lessor's approval. Lessee shall provide written notice to Lessor at least sixty (60) days prior to the effective date of termination of the existing term in effect of Lessee's desire to renew. Except for the rental rate which shall be negotiated for each additional term, all other terms of this Lease shall remain in full force and effect.

8.1 In the event Lessee should experience a reduction of its Federal funding or is otherwise unable to obtain legislative appropriation to support continued leasing of the premises, Lessee may terminate this Lease upon sixty (60) days written notice to Lessor.

~~8.2 It is provided, however, that if a university chooses to lease space in Everett Station, there is expressly reserved to the Lessor the right and option to terminate this Lease, by giving written notice to the Lessee at least nine (9) months prior to the effective date of such termination.~~

9. Intentionally Omitted.

PAYMENT

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

COMPLIANCE WITH STATE/FEDERAL LAWS

11. 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

12. 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 there from 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

13. 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

14. 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

15. 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. Except as otherwise expressly provided by this Lease. Lessor shall not be liable to Lessee for any damages, including, but not limited to consequential damages, for all events, actions, or inaction that are beyond Lessor's reasonable control, including but not limited to, interruption or loss of business due to acts of war or terrorism, strikes or labor unrest, weather, disaster, catastrophe, flood or earthquake.

NO GUARANTEES

16. 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, unless same has been approved by the CEO of Workforce Development Council Snohomish County or his or her designee. Any amendment or modification of this Lease must be in writing and signed by both parties.

LEGAL RELATIONS

17. Each party to this Lease shall be responsible for injury to persons or damage to property resulting from negligence on the part of itself, its employees, its agents, or its officers. Each party to this Lease (Indemnifying Party) shall indemnify and defend the other party to this Lease from and against all claims asserted by persons not parties to this Lease, arising from or relating to the Indemnifying Parties breach of this Lease, negligence, intentional misconduct, or violation of law. Neither party assumes any responsibility to the other party for the consequences of any act or omission of any third party.

ENERGY

~~18. 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

19. 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

20. 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. Lessee acknowledges that Lessor encountered some contaminated soils during construction of the Building as referenced in the State of Washington's Department of Ecology letter to the City dated April 20, 1998. Lessor represents that it remedied such contaminated soils as required by existing law. 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.

Lessee shall not keep upon or about the Premises for use, disposal, treatment, generation, storage, demonstration or sale any substances that are hazardous, toxic harmful or dangerous, and/or which are subject to regulation as hazardous or toxic, dangerous, or as a pollutant by any federal, state, or local law, regulation, statute, or ordinance (collectively referred to as "hazardous substances"). Lessee shall be responsible for any and all damages, costs, fees (including attorney's fees and costs), civil and criminal penalties, or clean-up costs assessed against or imposed as a result of Lessee's use, disposal, generation, storage, demonstration or sale of hazardous substances or that of Lessee's employees, agents or invitees. Breach of this provision shall entitle Lessor to terminate this Lease.

ADDITIONAL LEASE PROVISIONS

21. It is agreed that the Lessee has inspected the premises and accepts the premises "as-is" and that Lessor is not required to make any changes to the premises that is the subject of this Lease.

CANCELLATION/SUPERSESION

~~22. This Lease cancels, supersedes, and replaces SRL 01-0132 dated October 18, 2002, and all modifications thereto effective January 4, 2009.~~

WITHHOLDING OF RENT PAYMENTS

23. If the Lessor fails to maintain the premises the Lessee may withhold ten percent (10%) of rent payments until such time as Lessor completes deficient maintenance, repair and/or improvements that may be required. Lessee shall provide Lessor with a list of deficient maintenance, repair and/or improvement items and notify Lessor that Lessee will 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 Lessee has verified that Lessor has satisfactorily completed all maintenance, repair and/or improvements. Nothing in this provision shall limit other remedies which may be available to Lessee under this Lease.

CONDEMNATION

24. Entire Taking

If all of the Premises, or such portions of the Premises or of the Building as may be required for the reasonable use of the Premises, are taken by eminent domain or under threat of eminent domain, this Lease shall automatically terminate as of the date title vests in the condemning authority and all Rent, Additional Rent and other payments shall be paid to that date.

24.1. Constructive Taking of Entire Premises

In the event of a taking of a material part of, but less than all of the Building, where Lessor shall reasonably determine that the remaining portions of the Building cannot be economically and effectively used by it (whether on account of physical, economic, aesthetic or other reasons). Lessor shall forward a written notice to Lessee of such determination not more than thirty (30) days after the date of taking. The term of this Lease shall expire upon such date, as Lessor shall specify in such notice but not earlier than thirty (30) days after the date of such notice.

24.2. Partial Taking

In case of taking of a part of the Premises, or a portion of the Building not required for the reasonable use of the Premises, then this Lease shall continue in full force and effect and the Rent shall be equitably reduced based on the proportion, if any, by which the floor area of the Premises is reduced, such Rent reduction to be effective as of the date title to such portion vests in the condemning authority,

24.3. Termination by Lessor

In the event that title to a part of the Building other than the Premises shall be so condemned or taken and if, in the opinion of the Lessor, the Building should be restored in such a way as to alter the Premises materially, the Lessor may terminate this Lease and the term and estate hereby granted by notifying the Lessee of such termination within sixty (60) days following the date of vesting of title, and this Lease and the term and estate hereby granted shall expire on the date specified in the notice of termination, not less than sixty (60) days after the giving of such notice, as fully and completely as if such date were the date set for the expiration of the term of this Lease, and the Rent hereunder shall be apportioned as of such date.

24.4. Awards and Damages

Lessor reserves all rights to damages to the Premises for any partial, constructive, or entire taking by eminent domain, and Lessee hereby assigns to Lessor any right Lessee may have to such damages or award, and Lessee shall make no claim against Lessor or the condemning authority for damages for termination of the leasehold interest. Lessee shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Lessee may be put for Lessee's moving expenses, business interruption or taking of Lessee's personal property (not including Lessee's leasehold interest), provided that such damages may be claimed only if they are awarded separately in the eminent domain proceedings and not out of or as part of the damages recoverable by Lessor.

ADVERTISING & SIGNS

25. Lessor must approve any signs in the common and public areas in advance in writing. Without Lessor's prior written consent, Lessee shall not inscribe or post, place, or in any manner display any sign, graphics, notice, picture, placard, or poster, or any advertising matter whatsoever, anywhere in or about the Premises or the Building at places visible (either directly or indirectly as an outline or shadow on a glass pane) from anywhere outside the Premises without first obtaining the Lessor's written consent thereto, which consent shall not be unreasonably withheld, provided such signs are consistent in size with the structure and consistent with the architectural and aesthetic aspects of the Building. Any such consent by Lessor shall be upon the understanding and condition that Lessee shall remove the same at the expiration or sooner termination of this Lease, and Lessee shall repair any damage to the Premises or the Building caused thereby.

LIENS

26. Lessee shall keep the Premises free from any liens arising out of any work performed and materials ordered or obligations incurred by or on behalf of Lessee or its members.

SURRENDER OF POSSESSION

27. Lessee shall promptly and peacefully surrender the premises to Lessor upon expiration or sooner termination of this Lease in as good condition as when received by Lessee from Lessor or as thereafter improved, reasonable use and wear and tear excepted.

NON-WAIVER

28. Waiver by Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant, or condition. Acceptance of Rent hereunder by Lessor subsequent to any breach shall not be a waiver of any preceding breach by Lessee, other than the failure of Lessee to pay the particular Rent so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such Rent.

DEFAULT

29. Default by Lessee. In the event of any breach of any provision of this Lease by Lessee, the breach shall be deemed a default entitling Lessor to the remedies set forth in 29.1., after Lessor has delivered to Lessee notice of the alleged breach and a demand that the same be remedied immediately; provided that, if the breach pertains to a matter other than the payment of rent, Lessee shall not be in default after receipt of the notice if Lessee shall promptly commence to cure the default and shall cure the default within twenty (20) days after receipt of the notice, or if the breach pertains to the payment of rent Lessee shall have seven (7) days after receipt of the notice to cure the breach; provided, however, if such default is non-monetary in nature and is not reasonably susceptible of being cured in said twenty (20) days, Lessee shall commence to cure such default within said period and diligently pursue such action with continuity to completion. If a breach has been cured within the grace periods permitted by this section it shall no longer constitute a default.

29.1. Lessor's Remedies. In the event of a material default, Lessor shall be entitled to terminate this Lease and to re-enter and take possession of the property. All rights and remedies of Lessor shall be cumulative, and none shall exclude any other right or remedy allowed by law.

REMOVAL OF PROPERTY

30. Regardless of any other provisions in this Lease, Lessee shall remove all of its trade fixtures, fixtures, and personal property without damage to the Premises at the expiration or sooner termination of this Lease and shall pay Lessor any damages to the Premises or building resulting from such removal. If Lessee fails to remove any of its moveable property, trade fixtures, or fixtures upon expiration or sooner termination of this Lease, it shall become the property of the Lessor.

MONTH TO MONTH TENANCY

31. 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

32. 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.

CAPTIONS

33. 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.

OVERDUE PAYMENTS

34. Any rent or other sums payable by Lessee to Lessor under this Lease that remain unpaid after Lessee has had an opportunity to cure non-payment, shall bear interest at a rate equal to twelve percent (12%) per annum.

NOTICES

35. 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: City of Everett
City Clerk's Office
2930 Wetmore Avenue
Everett, Washington 98201

LESSEE: Workforce Development Council Snohomish County
808 134th St. SW, Suite 105
Everett, WA 98204

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names.

City of Everett

Ray Stephanson, Mayor

Date

Workforce Development Council Snohomish County



Erin Monroe, CEO

10/20/16

Date

Attest:

Sharon Fuller, City Clerk

As to Form:

James D. Iles, City Attorney

STATE OF WASHINGTON,)

)ss

COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that Ray Stephanson and Sharon Fuller signed this instrument, on oath stated that they authorized to execute the instrument and acknowledged it as the Mayor and City Clerk of the City of Everett, a municipal corporation, to be free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

Signature of
Notary Public: _____

Printed Name: _____

My Commission Expires: _____

STATE OF WASHINGTON,)

)ss

COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that Erin Manroe signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the CEO of Workforce Development Council Snohomish County to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 10/20/10

Signature of
Notary Public: Barbara D Browning

Printed Name: Barbara D Browning

My Commission Expires: 5/9/17

