

**LEASE AGREEMENT BETWEEN
THE STATE OF WASHINGTON
THE DEPARTMENT OF SOCIAL & HEALTH SERVICES
AND
LESSEE**

1. **Premises.** The State of Washington, Department of Social and Health Services (“DSHS”) leases to the _____ (“Lessee”) the following described premises (“Premises”):

Common Street Address:

Tax Parcel Number:

Approximately _____ square feet of (office/warehouse/classroom) space in the building commonly known as _____, and as shown in Exhibit A, Map of Premises, on the _____ campus (“Campus”), together with _____ common on-site parking stalls, legally described as follows:

(Insert legal description of Premises):

No other property on the Premises shall be used for any purpose by the Lessee.

2. **Term.** The lease shall begin 00/00/0000 and terminate on 00/00/0000, unless terminated sooner as provided herein.
3. **No Warranty of Quiet Enjoyment.** DSHS makes no warranty of quiet enjoyment of the Premises.
4. **Condition of Premises.**
- 4.1. DSHS and the Lessee have jointly inspected the Premises. Exhibit D, Facilities Condition Assessment, describes the current condition of the Premises based on that inspection. Premises are accepted in their present condition “AS IS WHERE IS”.
- 4.2. DSHS has no obligation to make any repairs, additions, or improvements to the Premises, and expressly disclaims any warranty that the Premises are suitable for such use.
5. **Permitted Use.** Lessee shall only use the Premises for the purposes of a 16 bed inpatient residential treatment facility
6. **Parking Management.**
- 6.1. Lessor has assigned exclusive parking to Lessee, as shown in Exhibit A, Map of Premises.
- 6.2. Lessee shall coordinate any parking space needs with the DSHS Lease Manager Lessee shall **not** designate parking areas exclusively for Lessee’s use, unless

the designation is approved by the DSHS Lease Manager.

7. Lessee Obligations.

- 7.1. Comply with Campus patient safety rules, regulations, and procedures, as shown in the Obligations of Lessee on Campus, Exhibit B, at all times while on the Premises. Lessee acknowledges receipt, review of, and distribution to all necessary staff of these rules, regulations, and procedures from DSHS.
- 7.2. **(TBD-Campus Security, DSHS Lease Manager, or other contact)**
- 7.3. Use due diligence, exercise reasonable care, and remain aware of its surroundings when entering, exiting, and while within the Premises with respect to Campus residents, staff, and property.
- 7.4. Comply with all City requirements. (Examples – operating plan approval, permits for constructing improvements)
- 7.5. **TBD-Any other Lessee obligations necessary for the Lease Agreement.**

8. Condition at End of Lease.

- 8.1. Upon vacating the Premises on the termination date, Lessee shall:
 - 8.1.1. Restore the Premises, at Lessee’s sole cost and expense, as required in Exhibit E, Premises Restoration Plan.
 - 8.1.2. Participate in a walk-through with DSHS prior to Lessee’s departure from the Premises, to verify the condition of the Premises. Lessee shall sign a new Facility Condition Assessment, documenting the condition of the Premises at the end of the Agreement.
 - 8.1.3. Peaceably surrender the same to DSHS.
- 8.2. Lessee shall surrender all rights to leasehold improvements upon termination of the Agreement.
- 8.3. **Optional.** At the option of DSHS, Lessee shall, at Lessee’s own expense, remove all improvements constructed by Lessee upon the Premises, and return the Premises to grade level free of all debris.

9. Financial Obligations.

- 9.1. **Rent and Leasehold Excise Tax.** (Determine whether Leasehold Excise Tax applies. Delete references below if inapplicable.)
 - 9.1.1. Lessee shall pay DSHS rent and leasehold excise tax (as required by Chapter 82.29A RCW) in the amount of \$_____annually, payable in monthly installments of \$_____:

Rent: \$_____

Leasehold Excise Tax:	_____
Monthly Payment:	_____

The current Leasehold Excise Tax rate is 12.84% (**if Tax is required, verify rate with Department of Revenue**) of the rent amount. Lessee shall be responsible for any adjustments to the Leasehold Excise Tax amount required by the Department of Revenue.

9.1.2. Rent payments shall be due on the first of each month.

9.2. Overdue Rent.

9.2.1. Lessee's failure to pay rent within 30 days after the due date shall be a default of the Lease, and DSHS may then pursue remedies as provided in Section 30, Remedies for Default. Rent payments received after 30 days following the due date shall include the late penalty and interest charges.

9.2.2. Lessee shall pay DSHS a late charge of six percent (6%) of the amount of any rent payment received by DSHS more than 30 days after the due date.

9.2.3. Lessee shall pay DSHS interest at the rate of one percent (1%) per month, beginning on the date such rent is due and until the rent is paid, for any rent payment received by DSHS more than 30 days after the due date.

9.3. Utilities and Assessments.

DSHS shall not be responsible for utility costs to Lessee under this agreement. Utilities included, but not limited to: assessments, pest control, refuse collection, recycling, fire alarm, fire suppression and generator maintenance, storm water, heat, electricity, water, sewer, gas, phone, and restroom supplies.

9.3.1. Lessee shall use its best efforts to conserve utility usage on the Premises.

9.3.2. Lessee shall coordinate any utility issues with the DSHS Facilities Manager.

9.3.3. Lessee shall pay all assessments that may be charged against the leased Premises per Chapter 79.44 RCW, including, but not limited to:

9.3.3.1. Storm water runoff.

9.3.3.2. Fire Protection Services, Emergency Medical Services and Security Services.

9.3.3.3. Weed.

- 9.3.3.4. Local improvement district.
- 9.3.3.5. Watershed protection district.
- 9.3.3.6. Conservation district.

9.3.4. Reimbursements for assessment cost shall be based on actual costs incurred by Campus.

Lessee's share of utility and assessment costs is based on:
The square footage of the Premises (____), divided by the Campus square footage (____), and then multiplied by actual costs incurred by Campus.

10. Termination for Convenience. DSHS may terminate this Agreement for any reason by providing calendar 12 months written notice to the Lessee.

11. Billing and Payment.

DSHS shall submit invoices for payment to Lessee monthly. Payments shall be considered timely if received by DSHS within 30 days from the billing date. Payments shall be sent to DSHS at the address listed below:

Department of Social and Health Services
Office of Capital Programs
Attn: Fiscal Unit
1115 S. Washington St.
MS: 45848
Olympia, Washington 98504-5848

12. Lease Management. The Lease Manager for each of the parties shall be responsible for and shall be the contact person for all communications regarding the performance of this Agreement. Each party may amend the contact person by giving written notice to the other party.

The Lease Manager for the Lessee is:

The Lease Manager for DSHS is:

The Facilities Manager for the Campus is:

The OCP Project Manager for DSHS is:

13. Security.

13.1. DSHS shall not provide security services to Lessee.

13.2. Lessee staff shall be aware of its surroundings when entering, exiting and within the Premises, to help ensure the safety and well-being of DSHS' residents and employees.

- 13.3. Lessee acknowledges that it has received, reviewed and distributed to all necessary employees the Campus resident safety rules, regulations and procedures and shall adhere to them at all times while near or within the Premises.

14. Repairs and Maintenance of Premises.

- 14.1. Lessor's Maintenance and Operations Division (MOD) will manage the maintenance and operations of the premise by providing building maintenance and operational services, and maintenance contracts (including but not limited to pest control, refuse collection, recycling, fire alarm, fire suppression and generator maintenance.)
- 14.2. Onsite maintenance and operational services include but not limited to:
- 14.2.1. Carpentry (Doors, Floors, Walls, Ceilings, Windows)
 - 14.2.2. Controls (HVAC, Fire Suppression, Water Detection)
 - 14.2.3. Custodial Services (Cleaning, Janitorial, Solid Waste Removal & Recycling)
 - 14.2.4. Electrical (Equipment, Distribution)
 - 14.2.5. Environmental (Air Quality, Fire Inspection, Spill Response)
 - 14.2.6. Grounds (Lawns, Plantings, Trees, Parks)
 - 14.2.7. Mechanical (Plumbing, Pumps, Fans, Motors)
 - 14.2.8. Painting (Interior Common Spaces, Exterior)
 - 14.2.9. Pest Control (Indoor, Outdoor)
 - 14.2.10. Security (Building Access, Cameras)
- 14.3. Lessee shall take whatever action necessary to ensure lights and noise coming from the property are not of such magnitude to disrupt the therapeutic environment of the Campus.
- 14.4. Should Lessee fail to maintain the Premises in good condition and repair, DSHS shall give Lessee written notice to take corrective action. If corrective action is not taken within 10 working days, DSHS shall make arrangements for the maintenance or repairs and bill, and Lessee shall reimburse DSHS for these costs.
- 14.5. Lessee shall coordinate any maintenance issues with the DSHS Facilities Manager. DSHS may provide maintenance services to Lessee on a time and materials basis, as agreed in advance and in writing.

15. Damage and Destruction.

- 15.1. If the Premises are damaged by fire, casualty, or structural defects not due to the negligent acts or fault of Lessee, which prevents Lessee from using the Premises for its contracted purposes, then Lessee shall have 90 days following such damage to notify DSHS in writing and terminate the Agreement. The termination shall be effective on the date of receipt by DSHS of the written notification.
- 15.2. If the Premises are damaged by fire or other casualty resulting from any act or

negligence of Lessee or any of Lessee's agents, then:

15.2.1. Consideration shall not be diminished or abated while such damages are under repair; and,

15.2.2. Lessee shall be responsible for all costs of repair.

16. Access and Compliance.

16.1. DSHS shall have access to the Premises at all reasonable times.

16.2. In the event of an emergency threatening immediate DSHS client or public health and safety, DSHS shall have immediate access to the Premises, and shall notify the Lessee as soon as possible of the circumstances necessitating such emergency entry.

16.3. Failure to inspect or enforce compliance shall not be construed as a waiver of DSHS' right to declare a breach, nor relieve Lessee of any liability to DSHS for any breach of the terms, conditions, or requirements of this Agreement.

17. Insurance.

The Lessee shall at all times comply with the following insurance requirements.

17.1. General Liability Insurance

The Lessee shall maintain Commercial General Liability Insurance, or Business Liability Insurance, including coverage for bodily injury, property damage, and contractual liability, with the following minimum limits: Each Occurrence - \$1,000,000; General Aggregate - \$2,000,000. The policy shall include liability arising out of the parties' performance under this Agreement, including but not limited to premises, operations, independent Lessees, products-completed operations, personal injury, advertising injury, and liability assumed under an insured Agreement. The State of Washington, Department of Social & Health Services (DSHS), its elected and appointed officials, agents, and employees of the state, shall be named as additional insureds.

17.2. Worker's Compensation

The Lessee shall comply with all applicable Worker's Compensation, occupational disease, and occupational health and safety laws and regulations. The State of Washington and DSHS shall not be held responsible for claims filed for Worker's Compensation under RCW 51 by the Lessee or its employees under such laws and regulations.

17.3. Employees and Volunteers

Insurance required of the Lessee under the Agreement shall include coverage for the acts and omissions of the Lessee's employees and volunteers. In addition, the Lessee shall ensure that all employees and volunteers who use vehicles to transport clients or deliver services have personal automobile insurance and current driver's licenses.

17.4. Subcontractors

The Lessee shall ensure that all contractors and subcontractors have and maintain insurance with the same types and limits of coverage as required of the Lessee under the Lease.

17.5. Sublessees

The Lessee shall ensure that any Sublessees have and maintain insurance with the same types and limits of coverage as required of the Lessee under the Lease.

17.6. Separation of Insured's

All insurance policies shall include coverage for cross liability and contain a "Separation of Insured's" provision.

17.7. Insurers

The Lessee shall obtain insurance from insurance companies identified as an admitted insurer/carrier in the State of Washington, with a Best's Reports' rating of B++, Class VII, or better. Surplus Lines insurance companies will have a rating of A-, Class VII, or better.

17.8. Evidence of Coverage

The Lessee shall, upon request by DSHS, submit a copy of the Certificate of Insurance, policy, and additional insured endorsement for each coverage required of the Lessee under this Agreement. The Certificate of Insurance shall identify the Washington State Department of Social and Health Services as the Certificate Holder. A duly authorized representative of each insurer, showing compliance with the insurance requirements specified in this Agreement, shall execute each Certificate of Insurance.

The Lessee shall maintain copies of Certificates of Insurance, policies, and additional insured endorsements for each Sublessee as evidence that each Sublessee maintains insurance as required by the Agreement.

17.9. Material Changes

The insurer shall give the DSHS point of contact listed on page one of this Agreement 45 days advance written notice of cancellation or non-renewal. If cancellation is due to non-payment of premium, the insurer shall give DSHS 10 days advance written notice of cancellation.

17.10. General

By requiring insurance, the State of Washington and DSHS do not represent that the coverage and limits specified will be adequate to protect the Lessee. Such coverage and limits shall not be construed to relieve the Lessee from liability in excess of the required coverage and limits and shall not limit the Lessee's liability

under the indemnities and reimbursements granted to the State and DSHS in this Agreement. All insurance provided in compliance with this Agreement shall be primary as to any other insurance or self-insurance programs afforded to or maintained by the State.

17.11. Waiver

The Lessee waives all rights, claims and causes of action against the State of Washington and DSHS for the recovery of damages to the extent said damages are covered by insurance maintained by Lessee.

18. Indemnity / Hold Harmless.

18.1. Lessee shall indemnify and hold DSHS harmless from any claims, loss, liability, damages, or fines arising out of or relating to Lessee's, or any Subcontractor's, performance or failure to perform this Agreement or any acts or omissions.

18.2. Lessee shall indemnify and hold DSHS harmless from any and all claims of liability, loss, or damage arising out of or incidental to use or possession of the Premises, including but not limited to: claims for property damage, personal injury, or death.

19. Weed Control. Lessee shall control noxious weeds and vegetation on the Premises as required by law. Lessee shall be responsible for, or shall immediately reimburse DSHS for, any noxious weed control costs incurred as a result of Lessee's failure to control noxious weeds on the Premises.

20. Hazardous, Toxic, or Harmful Substances. Lessee shall not keep, on or about the Premises, any substances designated as or containing components designated as hazardous, toxic, dangerous, or harmful, or are subject to regulation by law.

21. (TBD) Smoking. Smoking is only allowed on the Campus in areas designated by the DSHS Leases Manager.

22. Drugs, Alcohol, or Firearms.

No recreational drugs, alcohol, or firearms are allowed at any time on the Premises.

23. Assignment. Lessee shall not sublease or sublet the Premises, and shall not assign this Agreement without written approval from DSHS.

24. Authorized Improvements and Alterations.

24.1. Improvements and alterations may be constructed on the Premises only upon prior written consent by DSHS. All improvements made on or to the Premises without the consent of DSHS shall immediately become the property of DSHS, or at DSHS' option, may be required to be removed by the Lessee, at Lessee's sole cost.

24.2. Improvements upon the Premises constructed by the Lessee shall be the property of the Lessee during the term of this Agreement, including without

limitation all additions, alterations, and improvements to or replacement of the Premises and installed fixtures.

- 24.3. At the expiration or earlier termination of this Agreement, all improvements, additions, alterations, and improvements to or replacement of the Premises and shall become the property of DSHS, unless DSHS requires their removal per Section 8, Condition at End of Lease.

25. Plan Approval.

- 25.1. Lessee shall meet with the DSHS Office of Capital Programs (OCP) Project Manager prior to submitting plans for any contemplated improvements to the Premises.
- 25.2. Lessee shall submit the plans or specifications for the construction of the authorized improvements, and any changes thereto, in writing to the OCP Project Manager for approval.

The written request shall include:

- 25.2.1. A Plan of Operation, including a construction schedule;
- 25.2.2. A diagram indicating location of improvements and location of any utility changes, and;
- 25.2.3. Dimensions and square footage of improvements.
- 25.3. DSHS will review the written request and respond with a decision in writing within 30 days. After 30 days, non-action by DSHS will signify approval. DSHS' approval shall be contingent upon acceptance of the plans by the applicable state and local regulatory authorities.

- 26. Compliance with Laws and Regulations.** Lessee shall cause all work and business conducted on the Premises to be performed in accordance with all applicable laws, directions, and regulations of all governmental agencies having jurisdiction. Lessee shall, at its sole cost and expense, correct any failure or compliance created through its fault or by reason of its use.

- 27. Liens.** Lessee shall not suffer or permit any lien to be filed against DSHS' interest in the Premises, including improvements, due to work, labor, services provided, or materials supplied to, by, or through Lessee. If any such lien is filed, Lessee shall cause the lien to be discharged of record within 30 days after the date of filing or creation of the lien, unless other arrangements are authorized in writing by DSHS in advance.

- 28. Order of Precedence.** In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

- 28.1. Applicable Washington state and federal statutes and rules.
- 28.2. This Agreement.

- 28.3. Any other provision of this Agreement, including Exhibits and other materials incorporated by reference.
- 29. Governing Law and Venue.** This Agreement shall be construed, interpreted and enforced pursuant to the laws of the State of Washington. Venue shall be in Clark County.
- 30. Ordinary Meaning.** The terms of this Agreement shall be given their ordinary meaning and shall not be presumed construed in favor of or against either party.
- 31. Remedies for Default.**
- 31.1. If Lessee breaches or defaults on any undertaking, promise, or performance required in this Agreement, DSHS may terminate this Lease after the Lessee has been given 30 days notice of the breach or default, and the breach of default has not been corrected within 30 days.
- 31.2. Upon such termination as referenced in Section 30.1, Lessee shall be responsible for returning the property to the condition it was in prior to the execution date of this Agreement, other than:
- 31.2.1. Needed repairs authorized under Section 13, Repairs and Maintenance of Premises, and;
- 31.2.2. Improvements authorized under Section 23, Authorized Improvements and Alterations.
- 31.3. DSHS may seek damages for any and all violations or defaults with or without terminating this lease. If DSHS determines the breach or default constitutes a threat to safety, life, or property, DSHS may elect to intervene immediately, without notice, to remedy the breach or default by requiring the Lessee to:
- 31.3.1. Act immediately to remedy the breach or default at Lessee's expense, or;
- 31.3.2. Require Lessee to reimburse DSHS for all costs incurred in remedying the breach or default upon demand, including interest from the date of expenditure.
- 32. Disputes.**
- 32.1. Except as otherwise provided in this Agreement, when a bona fide dispute arises between the parties and it cannot be resolved through discussion and negotiation, either party may request a Dispute Resolution Board (DRB). A request for a DRB must be in writing, state the disputed issues, state the relative positions of the parties and be sent to all parties. Parties must provide a response within 14 calendar days.
- 32.2. Once a party requests a DRB, each party shall designate a representative. The representatives shall mutually select a third member. The DRB shall evaluate the facts, Agreement terms and applicable statutes and rules and make a determination by majority vote. The decision shall not be admissible in any

succeeding judicial or quasi-judicial proceeding concerning this Agreement. The parties agree that the DRB shall precede any action in judicial or quasi-judicial tribunal.

- 32.3. Nothing in this Agreement shall be construed to limit the parties' ability to elect a mutually acceptable Alternate Dispute Resolution in place of the dispute resolution process outlined above.

33. Nonwaiver.

- 33.1. Waiver by DSHS of strict performance of any provision of this Agreement shall not be a waiver of nor prejudice DSHS' right to require strict performance of the same provision in the future, or of any other provision.
- 33.2. The acceptance of performance, rent, or any other sum owing, by DSHS following a breach by Lessee of any provision of this Agreement shall not constitute a waiver of any right of DSHS with respect to such breach. DSHS shall be deemed to have waived any right only if DSHS shall do so in writing.

- 34. Severability.** If any provision of this Agreement is held invalid, such invalidity shall not affect the validity of the other terms and conditions of this Agreement.

35. Maintenance of Records.

- 35.1. DSHS and Lessee shall each maintain books, records, documents and other evidence that sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the service(s). These records shall be subject to inspection, review or audit by personnel of both parties, other personnel duly authorized by either party, the Office of the State Auditor, and federal officials so authorized by law.
- 35.2. All books, records, documents, and other material relevant to this Agreement will be retained for six years after expiration and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

- 36. Amendment.** This Agreement may only be modified by a written amendment signed by both parties. Only staff authorized to bind each of the parties may sign an amendment.

37. Condemnation.

- 37.1. If all of the Premises are taken by any lawful authority under the power of eminent domain for a period which will end on or extend beyond the term of this Agreement, this Agreement terminates as of the date the condemner takes possession.
- 37.2. If part of the Premises are so taken, either party may terminate the Agreement by providing 30 days written notice to the other party. All damages awarded for the taking or damaging of all or any part of the Premises shall belong to and become the property of DSHS.

38. Survivability. The terms and conditions contained in this Agreement which, by their sense and context, are intended to survive the expiration or termination of the particular agreement shall survive. Surviving terms include, but are not limited to:

- 38.1. Condition at End of Lease
- 38.2. Billing and Payment
- 38.3. Indemnity and Hold Harmless
- 38.4. Order of Precedence
- 38.5. Governing Law and Venue
- 38.6. Ordinary Meaning
- 38.7. Remedies for Default
- 38.8. Disputes
- 38.9. Condemnation

39. Entire Agreement. This written Agreement or its successor or replacement contains the entire agreement of the parties, and no other agreement, statement, or promise made by any party shall be binding or valid.

(Exhibits to be Develop)

- Exhibit A: Map of Premises
- Exhibit B: Obligations of Lessee on Campus
- Exhibit C: Facilities Condition Assessment
- Exhibit D: Premises Restoration Plan

LESSEE

DEPARTMENT OF SOCIAL & HEALTH SERVICES:

Signature

Print Name

Title

Date

Signature

Jeanne Rodriguez

Print Name

Capital Assets Manager

Title

Date

STATE OF WASHINGTON)
) ss.
County of)

I, the undersigned, a Notary Public, do hereby certify that on this _____ day of _____, 20_____, personally appeared before me _____ as the _____, of the **(name of organization)**, to me known to be the individual described in and who executed the within instrument, and acknowledged that **he/she** signed and sealed the same as the free and voluntary act and deed of the **(name of organization)**, 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.

Notary Public in and for the State of Washington,
Residing at _____
My commission expires _____

STATE OF WASHINGTON)
) ss.
County of Thurston)

I, the undersigned, a Notary Public, do hereby certify that on this _____ day of _____, 20_____, personally appeared before me Jeanne R. Rodriguez, Capital Assets Manager, Department of Social and Health Services, State of Washington, to me known to be the individual described in and who executed the within instrument, and acknowledged that she signed and sealed the same as the free and voluntary act and deed of the Department of Social Health and Services, 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.

Notary Public in and for the State of Washington,
Residing at _____
My commission expires _____