Kerry Smith
CEN Cornish Lease ORD
December17, 2012
Version #2

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117970

AN ORDINANCE relating to the Seattle Center Department; authorizing the Seattle Center Director to execute a twenty year lease agreement with Cornish College of the Arts under which agreement Cornish will lease the Seattle Center Playhouse for use as a learning environment for theatrical, music, and dance performances, visual arts, and related theater functions.

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. As requested by the Seattle Center Director and recommended by the Mayor, the Seattle Center Director or his designee is authorized to execute, for and on behalf of The City of Seattle, a lease agreement with Cornish College of the Arts, substantially in the form of the agreement attached hereto and identified as "LEASE BETWEEN CORNISH COLLEGE OF THE ARTS AND THE CITY OF SEATTLE" (Attachment 1) under which Cornish College of the Arts shall lease the Seattle Center Playhouse at Seattle Center for a twenty year term.

Section 2. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2013, and signed by me in open session in authentication of its passage this _____ day of _____, 2013.

_____

President _____of the City Council

Approved by me this ____ day of _____, 2013.

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2013.

_____

Monica Martinez Simmons, City Clerk

(Seal)

Attachment 1: Lease Between Cornish College of the Arts and the City of Seattle

ATTACHMENT 1

LEASE BETWEEN CORNISH COLLEGE OF THE ARTS AND THE CITY OF SEATTLE

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LEASE BETWEEN CORNISH COLLEGE OF THE ARTS AND THE CITY OF SEATTLE

THIS LEASE ("Lease") is entered into this ____ day of _____, 2013, by and between **THE CITY OF SEATTLE** ("City"), a city of the first class of the State of Washington, acting by and through its Seattle Center Department ("Seattle Center") and its Director ("the Director"), and **CORNISH COLLEGE OF THE ARTS** ("Lessee"), a nonprofit corporation organized under the laws of the State of Washington.

RECITALS

Cornish College of the Arts ("Cornish") was the successful respondent to a May 2012 Request for Proposals (RFP) for Lease of the Playhouse Theatre at Seattle Center.

Two primary goals drove the RFP evaluation process: to secure a financially stable tenant that would effectively manage, operate and maintain the Playhouse facility; and to use the facility to support and foster the presentation of artistic and/or cultural activities in Seattle. In addition, the RFP established nine criteria by which the proposals were evaluated. A Seattle Center Advisory Commission subcommittee was created to recommend the successful respondent. The subcommittee determined that Cornish's proposal to create an integrated teaching facility that would transform the Playhouse into a learning environment for performances while still making the facility available to other artistic and cultural organizations best met those goals.

Intiman Theatre's lease of the Playhouse ended November 30, 2012. To enable temporary use of the Playhouse while a long term lease was completed, Cornish and the City entered into the Interim Playhouse Agreement Between Cornish College of the Arts and the City of Seattle. Under the Interim Lease Cornish utilized the Premises as a learning environment while making the facility available to other organizations.

Cornish is the premier accredited arts college in the Northwest, inspiring the highest standards of artistic and academic excellence. The mission of Cornish is to provide students aspiring to become practicing artists with an excellent educational program in an environment that nurtures creativity and intellectual curiosity, while preparing graduates to contribute to society as artists, citizens and innovators. Cornish realizes this mission by offering baccalaureate degrees in the performing and visual arts and by serving as a focal point in the community for public presentation, artistic criticism, participation in and discussion of the arts.

LEASE AGREEMENT

IN CONSIDERATION of the mutual covenants contained herein, City and Lessee covenant and agree as follows:

1. **Lease Data; Exhibits**. The following terms shall have the following meanings, except as otherwise specifically modified in this Lease:

1.1 Premises. The "Premises" means the building commonly known as the Playhouse building at Seattle Center, a portion of which building was constructed for the 1962 Seattle World's Fair and a portion of which was constructed in 1998. The Premises do not include the Ewen Dingwall Courtyard on the north side of the Playhouse building, the use of which area is the subject of Sections 2.7 and 2.8. The Premises Floor Plan is shown in Exhibit A. The portion of the Premises constructed in 1962 is situated on real property more particularly described as:

> A portion of the north thirty (30) feet of Lot 9, Lots 10-12, and a portion of the south forty (40) feet in Block 43, D.T. Denny's Home Addition to the City of Seattle, as recorded in Vol. 31 of Plats, Page 115, Records of King County, Washington, together with a portion of the west four (4) feet of the alley in said Block 43, as vacated by Ordinance 90267, the street address for which is 201 Mercer Street, Seattle, WA 98109;

The portion of the Premises constructed in 1998 is situated on real property more particularly described as:

> A portion of the north fifty (50) feet of the west seventy-one (71) feet of Lot 8 and a portion of the south thirty (30) feet of the west seventy-one (71) feet of Lot 9 in Block 43, D.T. Denny's Home Addition to the City of Seattle, as recorded in Vol. 31 of Plats, Page 115, Records of King County, Washington.

1.2 Commencement Date. _____.

1.3 Expiration Date. _____ unless terminated earlier as provided herein.

1.4 Base Rent, Public Benefit/In-Kind Rent and Additional Charges.

1.4.1 Base Rent: The monthly base rent ("Base Rent") shall be:

January 1, 2014 – December 31, 2014 - $6,666.66
January 1, 2015 through Expiration Date – As determined under Section 4.3

1.4.2 Public Benefit/In-Kind Rent: The annual Public Benefit/In-Kind Rent, as more particularly described in Section 4, shall be $80,000.00 per year.

1.4.3 Additional Charges: Whether or not so designated, all other sums due from Lessee under this Lease shall constitute Additional Charges, payable when specified in this Lease. Additional Charges include but are not limited to the payment of heating and cooling services, water and sewer services, HVAC maintenance, fire alarm testing and monitoring and City's fulfillment of Lessee's maintenance and repair responsibilities (as provided in Section 12.4). As used in this Lease, "Rent" includes Base Rent and Public Benefit/In-Kind Rent.

1.5 Notice Addresses.

To City:	Attention: Director of Finance and Administration Seattle Center 305 Harrison Seattle, WA 98109
To Lessee:	Cornish College of the Arts 1000 Lenora Street Seattle, WA 98121

1.6 Exhibits. The following exhibits are made a part of this Lease:

Exhibit A – Premises Floor Plan
Exhibit B - Guidelines for Digital Readerboards
Exhibit C - Equipment Required to Make a Fully Functioning Theatre

2. **Premises**.

2.1 Grant. City hereby leases to Lessee and Lessee hereby leases from City the Premises, which are located on the real property described in Section 1.1. City reserves for the benefit of itself and its authorized users the right to use the Premises as further described in Section 6, and Lessee's right to use and occupy the Premises shall be subject to City's reserved rights.

2.2 Condition. City makes no representations regarding the condition or suitability of the Premises and City leases the Premises and Lessee accepts the Premises in "as is" condition.

2.3 Scheduling and Booking. City shall refer all Playhouse rental enquiries to Lessee. Lessee shall maintain a master calendar reflecting all events at the Premises. Lessee shall develop standard operating procedures with subtenants to share calendar and scheduling information efficiently so as to avoid conflicts in scheduling or booking dates. City shall include Lessee and subtenant public event information on the Seattle Center website. Working cooperatively, City and Lessee shall develop a standard timeline for the provision of public event information to City for inclusion on the Seattle Center website. Information to be provided to City shall include event start and end times as well as operation start and end times (earliest in/latest out), estimated attendance, name of the event to be shown on the website, and event date and location. In addition, where relevant, contact information and a website address to link to the Seattle Center website shall also be provided. Under no circumstances will the City be responsible for scheduling conflicts between Lessee and its subtenants.

2.4 Parking. City will provide Lessee with two (2) Seattle Center parking passes for Seattle Center parking facilities at no charge to Lessee during the Term of this Lease; however, possession of a parking pass does not guarantee a parking space will be available on any given day.

2.5 Permitted Use. Lessee shall use the Premises as a learning environment for theatrical, music, and dance performances, visual arts, lectures, demonstrations of art forms, administrative offices, rehearsals, shop, and related theater functions (collectively, "the Permitted Use").

2.6 Common Areas. During the Term, Lessee and its employees, contractors, agents, subtenants, and invitees shall have the non-exclusive right to use the Seattle Center common areas as from time to time constituted (the "Common Areas"), including without limitation, parking lots, walkways, seating areas, and restrooms, in common with all other users and visitors of the Seattle Center and subject to such general hours, rules and regulations as the Director may establish.

2.7 Non-Exclusive Use of Ewen Dingwall Courtyard. The City grants to Lessee the right to use, on a non-exclusive basis, the Ewen Dingwall Courtyard on the north side of the Premises to facilitate the consumption of food and beverages by the ticketholders to events on the Premises and other invitees of the Lessee or any of its subtenants or, subject to the Director's prior written consent, to support the Lessee's or any of its subtenants' performance activities. At its cost and risk, Lessee may place tables and chairs in the Courtyard, provided Lessee shall be responsible for cleaning, maintaining and storing the tables and chairs and shall make them available to other users of the courtyard.

2.8 Exclusive Use of Ewen Dingwall Courtyard. Subject to the Director's prior written consent, Lessee may use the Ewen Dingwall Courtyard from time to time on an exclusive basis so long as Lessee a) submits its request to the Director in writing not less than 30 days prior to the proposed use, b) is responsible for controlling, at no cost to the City, admissions to the courtyard during the exclusive use period, and c) has installed, at each courtyard entrance, temporary signage stating that admission is closed to the general public during the time of Lessee's permitted exclusive use.

2.9 City's Alterations. City, in its discretion, may increase, decrease or change the number, locations and dimensions of any Common Areas and other improvements that are not within the Premises. City reserves the right from time to time (i) to install, use, maintain, repair, relocate and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to the Premises, located below the floor surfaces, within the walls and elsewhere in the Premises; and (ii) to alter, relocate or substitute any of the Common Areas.

3. Lease Term.

3.1 Term. This Lease shall be for a term of twenty years ("Lease Term" or "Term") beginning on the Commencement Date and ending on the Expiration Date, unless the Lease Term is terminated earlier under the provisions of this Lease.

3.2 City's Option for Early Termination. At its option and for any reason, the City may reduce the Term to ten years and terminate this lease effective December 31, 2023. To exercise the option, City must provide Lessee with written notice of early termination no later than June 30, 2020. City shall reimburse Lessee up to $100,000 for actual, reasonable, and documented relocation costs plus the un-depreciated value of Lessee's Minimum Capital Investment, as further provided under Section 12.5.6. To be reimbursed for relocation costs, Lessee must submit an invoice and acceptable accompanying documentation to City no later than sixty days following Lessee's surrender of the Premises.

4. **Rent and Additional Charges.**

4.1 Rent. Beginning on the Commencement Date and thereafter on or before the first day of each month, Lessee shall pay to City at the address and to the account specified by City, without notice or demand or any setoff or deduction whatsoever, in lawful money of the United States (a) in advance, the monthly Base Rent specified in Section 1.4.1; and (b) Additional Charges as and when specified elsewhere in this Lease, but if not specified, then within ten (10) days after written demand. Base Rent and, if appropriate, as reasonably determined by City, Public Benefit/In-Kind Rent and Additional Charges, shall be prorated on a daily basis for any partial month within the Lease Term.

4.2 Public Benefit/In-Kind Rent. Lessee shall provide no less than $80,000 annually in Public Benefit/In-Kind Rent. As used in this Lease, "Public Benefit/In-Kind Rent" includes, but is not limited to the value of: (a) Lessee's faculty, alumni, students and/or staff's provision of artistic performance services to Seattle Center, (b) the net difference between the rental rate Lessee may charge to entities exempt from income taxation under 26 U.S.C.501(c)(3) and the rental rate Lessee would normally charge to non-exempt entities for the same spaces and use period(s), (c) other programs offered by Lessee at the Premises which provide a direct benefit to the public as determined and approved by the Director, (d) rental of the Premises through the Arts Incubator program described in Section 4.6 and (e) the provision of other services or materials which the Director reasonably determines are eligible for treatment as Public Benefit/In-Kind Rent. In no event may Public Benefit/In-Kind Rent be used to reduce Lessee's Base Rent.

4.2.1 Lessee's Annual Public Benefit/In-Kind Rent Proposal. On or before the Commencement Date and on or before January 1 of each calendar year during the Term, Lessee shall provide to City a written proposal that details the services, nonprofit or Arts Incubator rent support, programs, and promotion and sponsorship opportunities proposed for Public Benefit/In-Kind Rent in the coming year, along with the estimated value of each service, rent support, program, promotion or sponsorship ("Annual Public Benefit/In-Kind Rent Proposal").

4.2.2 City's Approval of Annual Public Benefit/In-Kind Rent Proposal. Within thirty (30) days of receipt, the Director shall review the Lessee's Annual Public Benefit/In-Kind Rent Proposal, and either approve or disapprove of each proposed Public Benefit/In-Kind Rent service, nonprofit or Arts Incubator rent support, program, promotion or sponsorship. In the event any proposed public benefit/in-kind service is not approved, Lessee shall, within thirty (30) days of receiving such disapproval from the Director, submit for the Director's approval an alternative proposal. Within thirty (30) days of receipt of Lessee's alternative proposal, the Director shall review it as provided in this Section, and this process may continue until the Director has approved a proposal for the entire required amount of Public Benefit/In-Kind Rent. However, any proposed public benefit/in-kind service that has not been approved by the Director on or before June 1 of each year may not be used as Public Benefit/In-Kind Rent for that year.

Rather, for that year, Lessee shall be responsible for making additional cash payments required to total $80,000.00 (plus adjustments pursuant to Section 4.3, if applicable).

4.2.3 Lessee's Annual Public Benefit/In-Kind Rent Statement. On or before January 31, 2015 and on or before January 31 of each calendar year thereafter during the Term, Lessee shall provide to the City an Annual Public Benefit/In-Kind Rent Statement, which shall set forth in writing the value of the service(s), nonprofit or Arts Incubator rent support, program(s), and promotion(s) and sponsorship(s) actually provided in the prior calendar year, and the total amount of the Public Benefit/In-Kind Rent provided for that calendar year ("Annual Public Benefit/In-Kind Rent Statement"). The Annual Public Benefit/In-Kind Rent Statement shall be supported by an itemized statement from the Lessee, and where relevant, shall also include receipts, with corresponding dollar values, and any other relevant supporting documents to verify the calculation. Only services, nonprofit or Arts Incubator rent support, and programs that have been identified in Lessee's Annual Public Benefit/In-Kind Rent Proposal and approved by the Director may be included in the Annual Public Benefit/In-Kind Rent Statement. Lessee shall keep accurate records and accounts of all matters upon the basis of which the accounting is calculated and such accounts and records shall be subject to inspection and copying by the City.

4.2.4 City's Approval of Annual Public Benefit/In-Kind Rent Statement. Within thirty (30) days of receipt of the Lessee's Annual Public Benefit/In-Kind Rent Statement, the Director shall review it, and may request more information, approve the entire amount, or provide Lessee with a written statement indicating which amounts have not been approved. Lessee acknowledges that the annual Public Benefit/In-Kind Rent is the maximum amount of Rent payable through public benefits, even if the actual value of Lessee's services, nonprofit rent support and programs exceeds that amount. Lessee shall not be entitled to carry forward any excess public benefits provided in any calendar year, nor shall Lessee be entitled to any refund. Additionally, if Lessee fails to provide at least $80,000.00 in Public Benefit/In-Kind Rent in any calendar year, Lessee will pay the balance due in cash by February 28 of the year immediately succeeding the calendar year for which the balance is due.

4.3 Adjustments to Base Rent and Public Benefit/In-Kind Rent. Beginning on January 1, 2015, and on the first day of each January thereafter throughout the Term, the Rent amount shall increase by the same percentage as the increase in the Consumer Price Index for All Urban Consumers in the Seattle-Tacoma Metropolitan Area, published by the Bureau of Labor Statistics, United States Department of Labor (the "Index") during the preceding calendar year, if any. If the percentage change to the Index is negative or remains the same during the calendar year preceding the adjustment, then the Rent shall remain the same as it was during the immediately preceding calendar year. If there is any change in the Index base or if the Index is discontinued, the Director shall select a substitute index of comparable statistics on the cost of living for the locality in which the Premises are located as shall be computed by an agency of the United States or by a responsible financial periodical or other recognized authority.

4.4 Subtenant Requirements. A factor in the City's willingness to enter this Lease is City's reservation of use rights under Section 6 and Lessee's commitment to enter into facility use agreements with users for short term rental of portions of the Premises consistent with Section 17.2. Lessee shall rent the Premises to other users for at least one hundred (100) performances annually ("Required Subtenant Performances"). Performances by organizations

participating in the Arts Incubator Program will be included in the calculation of Required Subtenant Performances. If a Required Subtenant Performance is cancelled through no fault of Lessee, it shall nonetheless qualify as a Required Subtenant Performance for purposes of this Lease. At any time during the Term, if Intiman Theatre ceases to perform at the Premises or materially reduces its number of performances per year, the parties shall renegotiate the number of Required Subtenant Performances. Additionally, the Director may reduce the number of Required Subtenant Performances for any calendar year during the Lease term due to market conditions, lack of demand from qualified uses or other unanticipated factors beyond Lessee's control that will impact the ability of Lessee to secure rentals for the Premises. Lessee and City acknowledge that the Rent charged by City under this Lease includes consideration for the Required Subtenant Performances on the terms and conditions described herein, but Base Rent shall not be adjusted as a result of any adjustment to the Required Subtenant Performances.

4.5 Reserved.

4.6 Arts Incubation Program. Lessee shall develop and implement, subject to the Director's review and approval, a program designed to build community and capacity among the region's arts organizations whereby eligible organizations may utilize the Premises at a reduced fee designed to cover Lessee's marginal and administrative costs ("Arts Incubation Program"). Lessee shall reserve 6 weeks each calendar year during which the Premises shall be made available for use by participants in the Arts Incubation Program. To the extent reasonably possible, the same 6 weeks shall be reserved each calendar year during the Lease term. In the event Arts Incubation Program participants do not fully utilize the reserved weeks, the Lessee may schedule other uses during the time when the Premises are not in use by the Arts Incubation Programs. Eligibility for inclusion in the program will be based on established criteria which may include, but not be limited to, items such as whether the organization is locally based, is a non-profit, has the ability to organize and produce the event, does not have an established venue, and the production's artistic quality and whether the use will help accelerate the organization's success and/or build its audience and would be the reasonable next step in an organization's growth. The net difference between the rental rate charged commercial organizations and Arts Incubation Program participants for use of the same spaces for the same use periods shall be included as Public Benefit/In-Kind Rent.

4.7 No Third Party Rights. Lessee's obligations to make the Premises available for use by third parties is intended to be and shall be an obligation to City and not to any third party. This Lease shall not be construed to create any third party beneficiaries with respect to Lessee's rights and obligations hereunder, and all license agreements, subleases, or other agreements Lessee may enter with third parties for use of the Premises shall remain subordinate to this Lease.

5. **Late Charge; Interest**. If Lessee fails to pay the City any sum when due, such amount shall bear interest at the rate of 12% per annum from the date due until the date paid.

6. **City Use of Premises and Services**.

6.1 Dates and Spaces Reserved for City-Authorized Use. The City reserves the right to use the Production Area of the Premises, and to authorize third parties to use the Production

Area during the time periods specified in Section 6.3, without any reduction in the Rent payable by the Lessee and without any charge imposed by the Lessee for such use except as provided herein.

6.2 Production Area. As used herein, "Production Area" means the following portions of the Premises:

Public lobby, Main floor of house
Public Rest Rooms
Stage
Catwalks
Lighting Booth
Control Booth
Loading/Unloading Dock
Dimmer Room
Green Room
Studio/Rehearsal Hall

6.3 Dates and Times for City Use.

The Premises shall be available for use by the City and the City's authorized users ("City Use") during the following dates and times:

Memorial Day Weekend. From 7:00 am to 5:00 pm on the Saturday, Sunday and Monday of Memorial Day weekend, on an exclusive basis.

Labor Day Weekend. Exclusive use starting at 5:00 pm on the Friday of Labor Day Weekend through 11:59 pm on Labor Day Monday; plus use on a non-exclusive basis during the period from 7:00 am to 5:00 pm on that same Friday; provided that Lessee shall make a reasonable effort to make the Production Areas available for use on an exclusive basis on that same Friday prior to 5:00 pm.

Other Dates. On an additional five days per year, which dates shall be mutually agreed upon by the Lessee and the Director not less than thirty (30) days prior to the City Use, and shall be designated in the master calendar to be maintained under Section 2.3.

If the Folklife Festival, which occurs on Memorial Day weekend, or Bumbershoot, which occurs on Labor Day weekend, or their successors modify the dates when either festival is open to the public, the dates reserved for City Use of the Premises shall be modified to alternate dates acceptable to Lessee. City shall provide nine months advance notice to Lessee of any such date modification.

6.4 Conditions of City-Authorized Use. Except as otherwise stated herein, use of the Production Area by the City or any City-Authorized third party shall be exclusive of use by the Lessee or any of its subtenants or other authorized users. To facilitate City Use of the Production Area during all City-reserved times, the Lessee shall do the following:

6.4.1 Equipment Removal. Whatever sets, props and other equipment, including but not limited to lighting, is installed in the Production Areas may remain in place as the Lessee or any subtenant deems appropriate, except that the main floor of house, balcony of house, studio/rehearsal hall, public lobby, public rest rooms, and the portion of the front of the stage that is reasonably necessary for City Use shall be kept clear for use.

6.4.2 Lessee's Noninterference with Access. Lessee shall not impede or delay reasonable access to and from the loading/unloading dock; provided the Lessee's personnel shall have reasonable access to the Production Area to monitor the activities and use by the City, and the people and entities authorized to use the Production Area and their invitees, but Lessee shall not unreasonably interfere with such use.

6.4.3 Equipment Use. As used in this Lease, "Equipment" means the sound equipment and stage lighting installed in the Premises. Lessee shall make the Equipment available to the City and any third party authorized to use the Production Area in the configuration and condition the Equipment exists in at the time of such use. The Lessee shall not restrict or impose any charge for use of the Equipment in the existing configuration; however, the Lessee may impose a reasonable charge for the rearrangement of Equipment if requested by City or other user to accommodate its use of the Production Areas. Lessee may impose reasonable policies and restrictions on the use of the Equipment, and City and its authorized users shall comply with polices and restrictions that are generally applied by the Lessee to all third party users. If any Equipment requires a knowledgeable operator for its operation, the qualifications of any operator shall be subject to the approval of the Lessee, which approval shall not be unreasonably withheld. If any item or system becomes unavailable for use because of damage, destruction, or malfunction, the Lessee shall notify the Director as soon as possible after discovering the unavailability.

6.4.4 Cleaning and Repair Necessitated by City or City-Authorized User. The City and any City-authorized user shall perform clean-up of the Production Area as necessary to restore it to its prior condition, normal wear and tear excepted. The City shall repair all damage to Lessee's Equipment and property at the Premises arising during the times of City Use. All cleaning and repair shall be completed by the end of each individual use date, or for a sequence of consecutive use dates (such as for a festival), by the end of the last day of use, unless a longer period of time is required for repair work, which work shall be completed as quickly as is reasonably possible and subject to Lessee's performance production schedule. City shall ensure that new agreements with City-authorized users include (i) the obligations in this Section 6.4.4 and (ii) provisions similar to Lessee's indemnity obligations under Sections 7.5 (Hazardous Substances) and 15.1 (Indemnification) of this Lease, pursuant to which the City's authorized user shall agree to indemnify and hold the City and Lessee harmless from and against any and all claims arising from use of the Premises, and (iii) a release of claims and waiver of subrogation similar to that contained in Section 15.2. City shall take reasonable steps to enforce its agreements with City-authorized users, and shall take efforts to include the protections in this section in existing use agreements with City-authorized users.

6.4.5 City to Require Insurance from City-Authorized Users. The City shall require every City-authorized user of the Production Area to provide liability insurance in Seattle Center's standard form and coverage amount and naming the Lessee as an additional insured.

The City shall also require each City-authorized user of the Premises to provide the Lessee with evidence of insurance not less than seven (7) days prior to that third party's first scheduled event in the Production Area.

7. **Lessee's Operations**.

7.1 Use of Premises. Lessee shall use the Premises only for the Permitted Use. As City's willingness to enter into this Lease with Lessee was predicated, in part, on the nature of Lessee's business, and the compatibility of the business with Seattle Center's mission and vision, Lessee shall not use or permit the use of the Premises for any other business, or purpose, or under any other name, without the Director's prior written consent. Lessee shall utilize the Premises as a learning environment and to produce plays, musicals, operas, dance theaters and other theatrical productions and will endeavor to secure facility rentals for days upon which Lessee is not utilizing the performance spaces for production purposes. Lessee shall promptly comply, at its sole cost and expense, with such reasonable Seattle Center rules and regulations relating to the use of the Premises and Common Areas as City, from time to time, may promulgate. Any newly promulgated Seattle Center rules and regulations shall not materially interfere with Lessee's business for the Permitted Use. In the event of any conflict between the Seattle Center rules and regulations promulgated by Seattle Center or the Director and the terms of this Lease, the terms of this Lease shall prevail. Lessee shall maintain the Premises in a clean, orderly and neat fashion and to a standard established for other similar Seattle Center properties. Lessee shall not permit objectionable odors to be emitted from the Premises and shall not commit or permit waste with respect to the Premises; provided that Lessee shall not be responsible for maintaining those portions of the Premises that are City's responsibility to maintain under terms of this Lease. Lessee shall not permit any accumulation of trash on or about the Premises or dispense or allow their subtenants to dispense stickers to the public. Lessee shall not create or contribute to the creation of a nuisance in either the Premises or the Common Areas, and Lessee shall not engage in or permit any action that will disturb the quiet enjoyment of any other occupant of Seattle Center facilities or grounds.

7.2 Cooperation with Other Tenants. Lessee shall cooperate with other cultural, arts and arts education programs and organizations at Seattle Center to enhance and broaden arts programming for the public at Seattle Center.

7.3 Compliance with Laws; Nondiscrimination.

7.3.1 General Obligation. Lessee shall not use or permit the Premises or any part thereof to be used for any purpose in violation of any municipal, county, state or federal law, ordinance or regulation, and for portions of the Premises visible to the public, shall not use that portion of the Premises for any purpose offensive to the standards of the community. Lessee shall promptly comply, at its sole cost and expense, with all laws, ordinances and regulations now in force or hereafter adopted relating to or affecting the condition, use or occupancy of the Premises, provided that Lessee shall not be responsible for maintaining in compliance with laws those portions of the Premises that are City's responsibility to maintain under terms of this Lease.

7.3.2 Nondiscrimination. Without limiting the generality of Section 7.3.1, Lessee agrees to and shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and The City of Seattle, including but not limited to Chapters 14.04, 14.10 and 20.42 of the Seattle Municipal Code, as they may be amended from time to time, and rules, regulations, orders and directives of the associated administrative agencies and their officers.

7.4 Liens and Encumbrances. Lessee shall keep the Premises free and clear of, and shall indemnify, defend and hold City harmless from, any and all liens and encumbrances arising or growing out of any act or omission, or breach of this Lease or use, improvement or occupancy of the Premises by Lessee or any of its principals, officers, employees or agents or subtenants. If any lien is so filed against the Premises, Lessee shall either cause the same to be fully discharged and released of record within ten (10) days after City's written demand therefor or, within such period, provide City with cash or other security acceptable to City in an amount equal to one and one-half (1½) times the amount of the claimed lien as security for its prompt removal. City shall have the right to disburse such security to cause the removal of the lien if City deems such necessary, in City's sole discretion.

7.5 Hazardous Substances. As used in this Lease, "Hazardous Substance" means any substance designated as, or containing any component now or hereafter designated as hazardous, dangerous, toxic or harmful and/or subject to regulation under any federal, state or local law, regulation or ordinance. Lessee shall not generate, keep, or bring any Hazardous Substance on or about the Premises without City's prior written consent, except customary office, kitchen, cleaning and other related supplies in normal quantities handled in compliance with applicable laws. With respect to any Hazardous Substance brought or kept on or around the Premises with City's consent, Lessee shall promptly, timely and completely comply with all governmental requirements for reporting and record keeping; submit to City true and correct copies of all reports, manifests and identification numbers at the same time as they are submitted to the appropriate governmental authorities; within five (5) days after City's request therefor, provide evidence satisfactory to City of Lessee's compliance with all applicable governmental rules, regulations and requirements; and comply with all governmental rules, regulations and requirements regarding the proper and lawful use, sale, transportation, generation, treatment and disposal of Hazardous Substances. Any and all costs incurred by City and associated with City's inspections of the Premises and City's monitoring of Lessee's compliance with this Section 7.5, including City's attorneys' fees and costs, shall be Additional Charges due and payable to City within ten (10) days after City's demand therefor, if Lessee's violation of this Section 7.5 is discovered as a result of such inspection or monitoring. Lessee shall be fully and completely liable to City for any and all cleanup costs and expenses and any and all other charges, expenses, fees, fines, penalties (both civil and criminal) and costs imposed with respect to Lessee's use, disposal, transportation, generation and/or sale of Hazardous Substances in or about the Premises. Lessee shall indemnify, defend and hold City harmless from any and all of the costs, fees, penalties, charges and expenses assessed against, or imposed upon, City (as well as City's attorneys' fees and costs) as a result of Lessee's use, disposal, transportation, generation and/or sale of Hazardous Substances on or about the Premises. The indemnification obligation of this Section shall survive the expiration or earlier termination of this Lease. Nothing in this Section shall be interpreted as making Lessee responsible or liable for any loss, damage or claim arising from City Use of the Premises.

8. **Catering and Concessions**.

8.1 Grant of Right. Except as provided in Section 8.2, the City grants to Lessee the exclusive right at the Premises to engage in the sale of food and beverages to individual customers from fixed and mobile concession units ("concession services"), and the provision of food and beverages at a function at the Premises where responsibility for payment rests with one individual or entity, including "no-host" bars ("catering services"), and to authorize individuals and other entities to engage in concession and catering services for and on the behalf the Lessee or its subtenants. Additionally, City grants Lessee the non-exclusive right to engage in concession or catering services in the Ewen Dingwall courtyard, all subject to the conditions for use of the courtyard set forth herein.

8.2 Right Not Effective During Certain Use Periods. The exclusive concession and catering services rights granted to the Lessee shall not be effective during any period of City Use.

8.3 Business License and Food Service Establishment Permit Required. The Lessee shall ensure that all individuals or entities providing concessions and catering services shall obtain all licenses and permits and other approvals required by law for operation, including all alcoholic beverage licenses, prior to commencing operations. Prior to allowing a third party to provide any concessions or catering services at the Premises, Lessee shall have received a copy of a current and valid Business License issued by the City of Seattle and a current and valid Food Service Establishment Permit issued by the Seattle-King County Department of Public Health.

8.4 Insurance Required. The Lessee shall ensure that any person or entity that it or a subtenant contracts with, licenses, or otherwise permits to engage in concession or catering activity within the Premises secures and maintains in full force and effect during all times of providing services at the Premises, a policy of general commercial public liability insurance, and if such person or entity drives any motor vehicle on the Seattle Center grounds, business automobile insurance, all consistent with the requirements of Section 16 hereof, under which policy(ies) The City of Seattle is named as an additional insured.

8.5 License and Permits; Contingent Expiration of Right. All licenses, permits and other authorization required in order to legally conduct the concession or catering services contemplated herein shall be acquired and maintained at no cost to the City. The inability of the Lessee or any caterer or subcontractor of the Lessee or any of its subtenants, to secure or to maintain any necessary license, permit or other authorization shall not invalidate the concession and catering services right granted herein, but the conduct of any concession or catering operation on the Premises by an unlicensed or unauthorized concessionaire or caterer shall constitute a breach of this Lease.

8.6 Responsibility for Restoration of Areas Used for Serving Food and Beverages. If Lessee or any of its subtenants use the Ewen Dingwall Courtyard for concession or catering services, Lessee shall ensure that the courtyard is restored as soon as reasonably practical, but not more than twenty-four (24) hours after such activity, to at least as good a physical condition as it was prior to such activity.

8.7 Authorization for Subcontracting, Concession or Catering Activity. The Lessee is authorized to enter into, or allow its subtenants to enter into, such subcontracts, concession and caterer's agreements it deems necessary to exercise the concession and catering rights granted.

9. **Utilities and Services.**

9.1 General. Lessee shall pay when due to the appropriate providers (including City), all charges for utilities for the Premises, including but not limited to, electricity, water and sewer services and data and telecommunications services.

9.2 HVAC, Water and Sewer. Subject to the service capacity limitations inherent in the current Seattle Center common HVAC utility system and the City's need to provide service to tenants in addition to the Lessee, the City shall provide, to the extent reasonably possible, heating and cooling services to the Premises through the Seattle Center's common HVAC utility system, as well as water and sewer utility service. The Lessee shall not install in the Premises any equipment or otherwise engage in any activity that results in the overloading of the capacity of any utility system serving the Premises or install any equipment or device that is incompatible with the common HVAC utility system serving the Premises. Lessee shall pay when due all fees and charges imposed by the City for service and installation, change and relocation of any point or means of HVAC, water, or sewer service made by the City at the Lessee's request.

9.3 Refuse Collection; Recycling of Waste Materials. Lessee shall provide all necessary housekeeping and janitorial services for the Premises to a level consistent with other similar Seattle Center facilities and operations and to the Director's reasonable satisfaction. Lessee shall be responsible for proper storage and removal of trash, litter pickup and recycling consistent with City standards. Lessee shall arrange for private garbage and recycling services or may request that City provide such services, in which case the Parties will negotiate a mutually agreed upon fee and Lessee shall pay City for the services as an Additional Charge upon invoice therefor. Lessee shall collect, sort, and separate all solid waste products on the Premises into such categories as may be required by law or Seattle Center rule. Lessee shall recycle all products that are locally accepted for recycling. If Lessee elects to use City for solid waste removal services, Lessee shall deliver all refuse and recycling materials to an identified collection location. The City reserves the right to refuse to collect or accept from Lessee any waste product that is not sorted and separated as required by law, ordinance, rule or regulation, and to require Lessee to arrange for the collection of the same at Lessee's sole cost and expense. Lessee shall pay all costs, fines, penalties, and damages that may be imposed on City as a consequence of failure to comply with the provisions of this section. The City reserves the right to specify the location of all exterior waste receptacles, the means of access thereto, and the frequency of collection service.

9.4 Fire Alarm Testing and Monitoring. The City shall monitor the fire alarm system and shall perform confidence testing on the fire alarm system, servicing the Premises at least annually. Lessee shall pay when due all fees and charges imposed by the City for such services as an Additional Charge.

9.5 Interruption. City 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 utility services due

to any cause whatsoever, including, but not limited to, electrical surges, or from failure to make any repairs or perform any maintenance. No temporary interruption or failure of such services incident to the making of repairs, alterations or improvements or due to accident, strike or conditions or events beyond City's reasonable control shall be deemed an eviction of Lessee or to relieve Lessee from any of Lessee's obligations hereunder or to give Lessee a right of action against City for damages. Lessee acknowledges its understanding that there may be City-planned utility outages affecting the Premises and that such outages may interfere, from time to time, with Lessee's use of the Premises. City shall provide Lessee with not less than 48 hours' prior written notice of any Seattle Center-planned electricity outage in the Premises. City has no obligation to provide emergency or backup power to Lessee. The provision of emergency or backup power to the Premises or to enable the equipment therein to properly function shall be the sole responsibility of Lessee.

10. **Licenses and Taxes**. Without any deduction or offset whatsoever, Lessee shall be liable for, and shall pay prior to delinquency, all taxes, license and excise fees and occupation taxes covering the business conducted on the Premises and all personal property taxes and other impositions levied with respect to Lessee's personal property located at the Premises; Lessee shall be responsible for, and shall pay prior to delinquency, all fees, charges, or costs, for any governmental inspections or examinations relating to Lessee's use and occupancy of the Premises, and pay all taxes on the leasehold interest created by this Lease (*e.g.*, leasehold excise taxes), if any, except with respect to taxes, license and excise fees, if any, arising from City Use that would not otherwise be incurred by Lessee. Nothing in this Section shall prevent Lessee from agreeing with any third-party user of the Premises that any fee, charge or cost of the nature described in this Section shall be the obligation of such third-party user.

10.1 Contests. Lessee shall have the right to contest the amount and validity of any taxes by appropriate legal proceedings, but this shall not be deemed or construed in any way as relieving Lessee of its covenant to pay any such taxes. City shall not be subjected to any liability or for the payment of any costs or expenses in connection with any such proceeding brought by Lessee, and Lessee hereby covenants to indemnify and hold City harmless from any such costs or expenses. The indemnification obligation of this Section shall survive the expiration or earlier termination of this Lease.

11. **Alterations by Lessee**. Lessee shall not make any alterations, additions or improvements in or to the Premises without first submitting to the Director professionally prepared plans and specifications for such work and obtaining the Director's prior written approval. The City of Seattle Historic Preservation Program requires that prior to substantial alterations being made to the Premises that the Premises be nominated for City of Seattle Landmark status. In the event that Lessee intends to make substantial alterations to the Premises, Lessee shall be responsible for all costs of the landmark designation process. Lessee and City shall work cooperatively through the landmark designation process. Lessee covenants that it will cause all alterations, additions and improvements to the Premises to be completed at Lessee's sole cost and expense by a contractor approved by Director and in a manner that (a) is consistent with the Director approved plans and specifications and any conditions imposed by the Director; (b) is in conformity with first–class, commercial standards; (c) includes acceptable insurance coverage for City's benefit; (d) does not affect the structural integrity of the Premises or any of the Premises' systems; and (e) does not invalidate or otherwise affect the construction or any system

warranty then in effect with respect to the Premises. The Director's approval required under this Section is for Seattle Center's purposes only, and Lessee shall secure all additional governmental permits and approvals required for the work; shall comply with all other applicable governmental requirements and restrictions including but not limited to compliance with applicable building codes and with the Americans with Disabilities Act (ADA); and reimburse City for any and all expenses incurred in connection therewith. Lessee expressly acknowledge that the provisions of the ADA may exceed requirements contained in building codes and other regulations and that such instances, the ADA requirements shall control. To the extent permitted by law, Lessee shall indemnify, defend and hold City harmless from and against all losses, liabilities, damages, liens, costs, penalties and expenses (including attorneys' fees, but without waiver of the duty to hold harmless) arising from Lessee's performance of alterations, additions and improvements to the Premises, or performance by Lessee's employees, officers, agents, contractors, and subtenants arising from Lessee's breach of its obligations under terms of this Section 11. All alterations, additions and improvements (expressly including all non-stage light fixtures; heating and ventilation units; floor, window and wall coverings; and electrical wiring) and the equipment required to make the Premises a fully functioning theatre, whether original equipment or its replacement, as more specifically identified in Exhibit C and all purchases made with the Minimum Capital Investment (as defined in Section 12.5.1), shall become the property of City at the expiration or termination of this Lease without any obligation on its part to pay for any of the same (unless otherwise agreed by the Director). Notwithstanding the foregoing, Lessee shall remove all or any portion of its alterations and improvements on the expiration or termination of this Lease if the Director specifically so directs, in writing at the time of Director's approval of such alterations and improvements. Within ninety (90) days after the completion of any alteration, addition or improvement to the Premises, Lessee shall deliver to City a full set of "as-built" plans of the Premises showing the details of all alterations, additions and improvements made to the Premises by Lessee.

12. **Care of Premises**.

12.1 General Obligation. Lessee shall take good care of the Premises and shall repair all damage done to the Premises that results from any act or omission of Lessee or any of Lessee's officers, contractors, agents, invitees, subtenants, licensees or employees, including, but not limited to, cracking or breaking of glass.

12.2 Custodial Service for Premises. Lessee shall at its own expense, at all times, keep the Premises and areas immediately adjacent thereto in a neat, clean, safe, and sanitary condition. Lessee shall furnish all cleaning supplies and materials needed to operate such areas in the manner prescribed in this Lease; Lessee shall provide all necessary janitorial service to adequately maintain the inside of such areas. Lessee shall be responsible for keeping the areas immediately adjacent to the perimeter, including the Ewen Dingwall Courtyard, free of litter and clean of spills resulting from Lessee's operations.

12.3 Reserved..

12.4 Maintenance, Repair and Replacement Obligations.

12.4.1 Lessee's Maintenance and Repair Obligations. Lessee shall provide all routine maintenance and repair for the interior of the Premises necessary to keep the Premises operating for the Permitted Use and in good condition and repair, including a) cleaning the interior side of exterior windows and doors and maintaining same, b) replacing any cracked or broken glass, c) repainting surfaces on an as-needed basis, d) keeping free and open and repairing all leaks in all potable water pipes and lines and sewer and storm water pipes and lines serving the interior of the Premises, up to the building cleanout that is closest to an exterior wall, e) repairing any plumbing fixture, equipment connected to plumbing, or pipe or line, f) replacing, from time to time, worn or irreparably damaged trade equipment, furnishings and fixtures, and g) contracting for the performance of maintenance, repair, and inspection, of the elevator on the Premises. Lessee's obligations under this Section include the obligation to maintain and repair the equipment identified on Exhibit C.

12.4.2 Lessee's Capital Improvement Obligations. In addition to Lessee's routine maintenance and repair obligations to be performed under Section 12.4.1, Lessee shall be responsible for making capital improvements reasonably necessary to keep the Premises and equipment identified in Exhibit C operating for the Permitted Use and in good condition and repair; provided, that City shall be responsible for maintaining, repairing and replacing the building "shell" consisting of its exterior walls and roof.

If, after City provides written notice to Lessee of Lessee's failure to comply with Sections 12.1, 12.2, 12.3 or 12.4, Lessee fails to take good care of such areas, City, at its option, may do so, and in such event, upon receipt of written statements from City, Lessee shall promptly pay the entire actual and reasonable cost thereof as an Additional Charge plus an administrative fee of $250.00. City shall have the right to enter the Premises for such purposes.

12.5 Lessee's Minimum Capital Investment Responsibilities.

12.5.1 Amount of Required Capital Investment. Lessee shall make a minimum capital investment ("Minimum Capital Investment") of One Million dollars ($1,000,000) in the Premises over the Lease Term (plus adjustments pursuant to Section 12.5.3, if applicable). At least Five Hundred Thousand dollars ($500,000) of the Minimum Capital Investment shall be made prior to December 31, 2023.

12.5.2 Annual Report of Capital Investment. By January 31 of each Lease year, Lessee shall provide an annual report to City identifying any capital investment made, including the proposed useful life and depreciation schedule of the capital investment, and the amount to date applied toward the Minimum Capital Investment. The depreciation schedule of any capital improvement shall be determined according to generally accepted accounting procedures, but in any case the depreciation term shall not exceed twenty years. The parties must mutually agree on the depreciation schedule in order for any capital improvement to be included for reimbursement under Section 12.5.6 if the City exercises its option to terminate the Lease early.

12.5.3 Adjustments to Amount of Capital Investment. If any portion of the Minimum Capital Investment has not been expended as of January 1, 2024 the unexpended amount shall be increased by the same percentage as the compounded increase in the Consumer Price Index for All Urban Consumers in the Seattle-Tacoma Metropolitan Area, published by the

Bureau of Labor Statistics, United States Department of Labor (the "Index") for the period January 1, 2013 through December 31, 2023, and such increased amount shall then constitute Lessee's remaining Minimum Capital Investment obligation for the balance of the Term. If there is any change in the Index base or if the Index is discontinued, the Director shall select a substitute index of comparable statistics on the cost of living for the locality in which the Premises are located as shall be computed by an agency of the United States or by a responsible financial periodical or other recognized authority.

12.5.4 Qualified Capital Investments. Expenditures eligible for credit toward the Minimum Capital Investment shall include (i) capital improvements made by Lessee under Section 12.4.2, (ii) other major capital repairs and maintenance work required because a building component, facility, or system has reached the end of its useful life and must be replaced, and (iii) any improvement or equipment upgrade that will either enhance the value or extend the useful life of the Premises. Expenditures that will not be eligible for credit toward the Minimum Capital Investment are expenses related to routine maintenance and repair of the Premises or regular operating expenditures that do not increase the value of the Premises or its useful life. The Minimum Capital Investment is intended to be used for purposes such as replacement of the theatre seating and carpeting or theatrical stage, sound or lighting equipment. Up to one hundred thousand dollars ($100,000) of expenditures incurred by Lessee prior to the Commencement Date, related to assuming occupancy of the Premises, including acquisition of Intiman Theater's existing equipment at the Premises and performance of deferred maintenance, may be credited toward meeting the required Minimum Capital Investment. In addition, capital expenditures incurred prior to the Commencement Date for items other than acquisition of Intiman's equipment and deferred maintenance needs will likewise be eligible for credit toward the Minimum Capital Investment.

12.5.5 Ownership of Improvements. All improvements made to fulfill the Minimum Capital Investment shall become the property of City at the expiration or termination of this Lease without any obligation on its part to pay for any of the same, except as required by Section 12.5.6 (unless otherwise agreed by the Director).

12.5.6 Investment Reimbursement Upon Exercise of City's Early Termination Option. If City exercises the early termination option under Section 3.2, within sixty (60) days after the effective date of the early termination Lessee shall invoice City for the un-depreciated portion, if any, of Lessee's actual contribution towards the Minimum Capital Investment and City shall reimburse Lessee up to a maximum of $250,000 for the un-depreciated portion. Unless City disputes Lessee's invoice within thirty (30) days after its delivery, Lessee's invoice shall be binding upon the parties and shall conclusively establish the un-depreciated portion of its actual contribution towards the Minimum Capital Investment.

12.6 City's Tenant Improvement, Cleaning, Maintenance and Repair Responsibilities.

12.6.1 City's Tenant Improvement Allowance. In partial consideration for Lessee's willingness to enter into this Lease, City shall provide a tenant improvement allowance not to exceed $50,000 to reimburse Lessee for acquisition of a fire curtain for the Premises. Lessee shall be solely responsible for any costs over City's allowance, and for any costs associated with installing the fire curtain. Prior to receiving reimbursement, Lessee shall provide

documentation reasonably acceptable to the Director demonstrating the cost and the adequacy of the fire curtain to meet safety requirements. City's tenant improvement allowance to Lessee shall not be credited to Lessee's Minimum Capital Investment obligation, but any costs associated with acquiring and installing the fire curtain in excess of the allowance shall qualify for treatment under Section 12.5.4.

12.6.2 City's Cleaning, Maintenance and Repair Responsibilities. At its expense, City shall perform all normal repairs necessary to maintain the structural aspects and exterior (including the roof) of the Premises, the Common Areas, and the equipment leading to the Premises that support the heating, ventilation, and air conditioning (HVAC) system, electric and plumbing and other utility systems of the Premises in a reasonably good operating condition, as determined by City. With respect to the HVAC system, City's obligation shall include maintenance, repair, and predictive and preventative services of the central system serving the Seattle Center campus. The foregoing does not extend to maintenance occasioned by an act or omission of Lessee or its officers, agents, employees, subtenants or contractors. Except in the event of City's gross negligence or intentional misconduct, there shall be no abatement or reduction of Rent arising by reason of City's making of repairs, alterations or improvements. City shall provide all normal repairs necessary to maintain the exterior of the Premises, but not the exterior doors and windows, and the Common Areas in a reasonably good operating condition, as determined by City at its expense. City shall clean the exterior side of all exterior windows twice per year. City shall maintain and repair the fire alarm and fire suppression systems, the respective portions of the sewer and storm water lines and pipes serving the Premises, starting from and including the building cleanout that is closest to an exterior wall and leading away from the Premise; and the potable water system lines and pipes serving the Premises, starting from and including the water meter serving the Premises and leading away from the Premises. All maintenance, cleaning and repair of that portion of the HVAC system located within the Premises shall be at Lessee's expense.

12.7 Installation or Integration of Works of Visual Art on Premises. City acknowledges the Permitted Uses under this Lease permit Lessee to temporarily install and exhibit at the Premises "work(s) of visual art," as that term is defined in the Visual Artists Rights Act of 1990 ("VARA"). Any work of visual art temporarily installed or exhibited by Lessee at the Premises may be periodically removed, replaced or modified by Lessee during the Term of this Lease, or, subject to mutual agreement of Lessee and the Director, donated or designated for donation to the City at the expiration or earlier termination of the Lease. If removal of any work of visual art is reasonably likely to result in its distortion, mutilation, modification or destruction as defined and described in VARA (hereinafter referred to as "Building Art"), Lessee shall not install or integrate any Building Art at the Premises, regardless of who shall own the Building Art, unless prior to such installation, Lessee delivers to the Director an executed waiver of the creator's rights of integrity regarding the Building Art, for the benefit of City and its successors and assigns and in a form acceptable to the Director.

12.8 Lessee's Indemnification of City Against Liability under Visual Artists Rights Act of 1990. Lessee shall protect, defend, and hold City harmless from and against any and all claims, suits, actions or causes of action, damages and expenses (including attorneys' fees and costs) arising as a consequence of (a) the installation or integration of any work of visual art on or into the Premises; or (b) the destruction, distortion, mutilation or other modification of the art

work that results by reason of its removal; or (c) any breach of Section 12.7 of this Lease; or (d) any violation of the Visual Artists Rights Act of 1990, as now existing or hereafter amended; by Lessee or any of its officers, employees, subtenants or agents. This indemnification obligation shall exist regardless of whether City or any other person employed by City has knowledge of such installation, integration, or removal or has consented to any such action or is not required to give prior consent to any such action. The indemnification obligation of this Section shall survive the expiration or earlier termination of this Lease.

13. **Signs and Advertising/Sponsorship**.

13.1 Signs on Exterior of Premises. Subject to applicable law, including the City's sign code ordinance, Lessee may install signs on the exterior of the Premises, identifying the building by name, its status as the site of the Lessee's productions and containing other information related to the Lessee or its subtenant(s), including program information, fundraising information and special Lessee event announcements. The design, installation and location of all such signs shall be subject to the written approval of the Director. Temporary signs or banners, the size of which shall be subject to the Director's approval, may be displayed on or about the Premises to advertise a special event beginning two weeks immediately before the event advertised, through the conclusion of such event. No other sign(s) or other advertising matter shall be attached to, painted on, or otherwise installed on the exterior of any portion of the Premises without the prior written approval of the Director. Lessee shall remove all signage at the expiration or earlier termination of this Lease and repair any damage or injury to the Premises unless otherwise approved by the Director.

13.2 Exterior Intiman Playhouse Signage. City shall remove or cover the static Intiman signs on the exterior of the Playhouse and remove "Intiman Playhouse" from the Mercer Street digital readerboard at City expense. Lessee may modify the exterior static signs, the main entrance signage, and/or request modification of the Mercer Street digital readerboard at Lessee's expense and subject to the Director's approval.

13.3 Promotional Material on Inside of Premises. All promotional materials on the interior of the Premises shall be designed to be primarily viewable by an audience that is inside, rather than outside, the Premises. Neither the City nor any City-authorized user shall post any information or materials in the Premises except during periods of City Use. The design, installation, and location of said information or materials shall be subject to the written approval of the Lessee.

13.4 Recognition. Lessee shall, to the extent possible, include notice that the Premises are located at the Seattle Center in any promotional material imprinted or published or otherwise produced by or on behalf of the Lessee that makes any reference to the Premises, including but not limited to advertisements, posters, programs, but not including tickets.

13.5 Digital Readerboard Use. Lessee shall have the right to use the readerboard immediately adjacent to the Playhouse to advertise the performances and other events occurring on the Premises consistent with the Digital Readerboards Guidelines for Messaging outlined on Exhibit B.

13.6 Naming. Lessee shall have the right to rename the Premises and interior portions thereof for the Lease term. The name and naming rights agreements shall be subject to the approval of the Director, and may be limited or prohibited by City's expressly reserved rights under 13.7. Lessee acknowledges that any promotion of firearms or tobacco is expressly prohibited at Seattle Center, and Lessee's naming rights are subject to that prohibition.

13.7 Advertising/Sponsorship. City reserves the right to enter into, or grant to a third party the right to enter into, naming rights, advertising or sponsorship agreements that grant exclusive representation applicable to any Seattle Center common area or Seattle Center facility, including the exterior of the Playhouse, such that the City, Lessee or other Seattle Center tenants will be limited or prohibited from entering or renewing advertising or sponsorship agreements with competing sponsors.

14. Surrender of Premises.

14.1 General Matters. At the expiration or sooner termination of the Lease Term, Lessee shall return the Premises to City in the same condition in which received on the Commencement Date (or, if altered, then the Premises shall be returned in such altered condition unless otherwise directed by City pursuant to Section 11), reasonable wear and tear, condemnation damages, and casualty damages not resulting from or contributed to by negligence of Lessee, excepted. Subject to the requirements under Section 11 and unless otherwise agreed by City and Lessee, Lessee shall remove its moveable trade fixtures and appliances and equipment that have not been attached to the Premises, and shall repair any damage resulting from their removal. In no event shall Lessee remove floor coverings; theatre seating; heating or ventilating equipment; non-stage lighting, City artworks; City property; the improvements purchased with the Minimum Capital Investment; the equipment identified in Exhibit C (whether the original equipment or its replacement); or floor, window or wall coverings unless otherwise specifically directed by City in writing. Lessee's obligations under this Section 14 shall survive the expiration or termination of this Lease. Lessee shall indemnify City for all damages and losses suffered as a result of Lessee's failure to remove moveable trade fixtures and appliances and to redeliver the Premises on a timely basis.

15. Waiver; Indemnification.

15.1 Lessee's Indemnification. To the extent permitted by law, Lessee shall indemnify, defend (using legal counsel reasonably acceptable to City) and save City, City's officers, agents, employees and contractors, harmless from all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including City's actual and reasonable personnel and overhead costs and attorneys' fees and other costs incurred in connection with claims, regardless of whether such claims involve litigation) resulting from any actual or alleged injury (including death) of any person or from any actual or alleged loss of or damage to, any property arising out of or in connection with (i) Lessee's occupation, use or improvement of the Premises, or that of any of its employees, agents, subtenants or contractors, (ii) Lessee's breach of its obligations hereunder, or (iii) any act or omission of Lessee or any subtenant, licensee, assignee, contractor, or concessionaire of Lessee, or of any officer, agent, employee, guest or invitee of any of the same in or about the Premises. Lessee agrees that the foregoing indemnity specifically covers actions brought by its own employees. This indemnity with respect to acts or omissions during

the Lease Term shall survive termination or expiration of this Lease. The foregoing indemnity is specifically and expressly intended to, constitute a waiver of Lessee's immunity under Washington's Industrial Insurance Act, RCW Title 51, to the extent necessary to provide City with a full and complete indemnity from claims made by Lessee and its employees, to the extent of their negligence. Lessee shall promptly notify City of casualties or accidents occurring in or about the Premises. **CITY AND LESSEE ACKNOWLEDGE THAT THEY SPECIFICALLY NEGOTIATED AND AGREED UPON THE INDEMNIFICATION PROVISIONS OF THIS SECTION 15.**

15.2 Lessee's Release of Claims. Lessee hereby fully and completely waives and releases all claims against City to the extent a loss or damage is covered by insurance for any losses or other damages sustained by Lessee or any person claiming through Lessee resulting from any accident or occurrence in or upon the Premises, including but not limited to any defect in or failure of Premises equipment; any failure to make repairs; any defect, failure, surge in, or interruption of Premises facilities or services; any defect in or failure of Common Areas; broken glass; water leakage; the collapse of any Premises component; or any act, omission or negligence of subtenants, licensees or any other persons or occupants of the Premises.

15.3 City's Release of Claims. City hereby fully and completely waives and releases all claims against Lessee to the extent a loss or damage is caused by City's negligence, willful misconduct or breach of this Lease.

16. **Insurance**.

16.1 Lessee's Insurance Coverages and Limits. Lessee shall maintain, and cause its Subtenant(s), if any, to maintain at no expense to City throughout the entire Lease Term minimum levels of insurance coverages and limits of liability as specified below:

16.1.1 **Commercial General Liability (CGL)** insurance including:

- Premises/Operations Liability
- Products/Completed Operations Liability
- Personal/Advertising Injury Liability
- Contractual Liability
-Fire/Tenant's Legal Liability
- Stop Gap Liability
- Host Liquor Liability

Such insurance must provide a minimum limit of liability of $1,000,000 each occurrence combined single limit bodily injury and property damage ("CSL") except:

- $1,000,000 each offense Personal/Advertising Injury
- $ 250,000 each occurrence Fire/Tenant's Legal Liability
- $1,000,000 each Accident/ Disease/Employee Stop Gap (alternatively, may be evidenced as Employer's Liability insurance under Part B of a Workers Compensation insurance policy).

The limits of liability described above are minimum limits of liability only. Regardless of provisions to the contrary under the terms of any insurance policy maintained by Lessee, the specification of any such minimum limits shall neither be (1) intended to establish a maximum limit of liability to be maintained by Lessee as respects this Agreement, nor (2) construed as limiting the liability of any of Lessee's insurers, which must continue to be governed by the stated limits of liability of the relevant insurance policies.

16.1.2 **Automobile Liability insurance** including coverage for owned, non-owned, leased or hired vehicles as applicable, with a minimum limit of $1,000,000 CSL.

16.1.3 **Workers' Compensation** insurance securing Lessee's liability for industrial injury to its employees in accordance with the provisions of Title 51 of the Revised Code of Washington.

16.1.4 **Umbrella or Excess Liability** insurance if and as necessary to maintain total CGL and Automobile Liability insurance limits of $5,000,000 CSL.

16.1.5 **Property Insurance** under which the Lessee's furniture, trade fixtures, equipment and inventory ("Business Personal Property"), but excluding the Premises and Tenant Improvements (defined below), are insured throughout the Lease Term in an amount equal to the replacement cost thereof, against the following hazards: (i) loss from the perils of fire and other risks of direct physical loss (excluding earthquake), not less broad than provided by the insurance industry standard "Causes of Loss - Special Form (ISO form CP 1030 or equivalent); (ii) loss or damage from water leakage or sprinkler systems now or hereafter installed in or on the Premises; (iii) loss or damage by explosion of steam boilers, pressure vessels, oil or gasoline storage tanks or similar apparatus now or hereafter installed on the Premises; (iv) loss from business interruption or extra expense, with sufficient coverage to provide for the payment of Rent and Additional Charges and other fixed costs during any interruption of Lessee's business.

16.2 City's Property Insurance Coverage and Limits. City will maintain at Lessee's expense property insurance or self-insurance under which the Premises and Tenant Improvements, excluding Lessee's Business Personal Property, are insured throughout the Lease Term in an amount equal to the replacement cost thereof, against the following hazards: (i) loss from the perils of fire and other risks of direct physical loss (including earthquake), not less broad than provided by the insurance industry standard "Causes of Loss - Special Form (ISO form CP 1030 or equivalent); (ii) loss or damage from water leakage or sprinkler systems now or hereafter installed in or on the Premises; (iii) loss or damage by explosion of steam boilers, pressure vessels, oil or gasoline storage tanks or similar apparatus now or hereafter installed on the Premises. For purposes of Sections 16.1 and 16.2 the term "Tenant Improvements" shall mean all alterations, additions and improvements, non-stage light fixtures; heating and ventilation units, floor, window and wall coverings, and electrical wiring) and the equipment required to make the Premises a fully functioning theatre as more specifically identified in Exhibit C and all purchases made with the Playhouse Reserve Fund and the Minimum Capital Investment that Lessee makes to the Premises. City's property insurance currently is subject to a $250,000 deductible, for which Lessee shall be responsible only to the proportional extent to which the loss or damage is attributable to Lessee's negligent acts that are, or should be, covered by Tenant's minimum $250,000 Fire/Tenant Legal Liability insurance.

16.3 General Requirements for Lessee's Property and CGL and Automobile Liability Insurance.

16.3.1 The CGL insurance and, in addition, Excess and/or Umbrella liability insurance, if any, shall include "The City of Seattle" as an additional insured for primary and non-contributory limits of liability for the total available limits of liability of each policy. The term "insurance" in this paragraph shall include insurance, self-insurance (whether funded or unfunded), alternative risk transfer techniques, capital market solutions or any other form of risk financing.

16.3.2 Coverage shall not be cancelled without thirty (30) day written notice of such cancellation, except ten (10) day written notice as respects cancellation for non-payment of premium, to the City at its notice address except as may otherwise be specified in Revised Code of Washington (RCW) 48.18.290 (Cancellation by insurer.). The City and the Lessee mutually agree that for the purpose of RCW 48.18.290 (1) (b), for both liability and property insurance the City is deemed to be a "mortgagee, pledge, or other person shown by (the required insurance policies) to have an interest in any loss which may occur thereunder."

16.3.3 Each insurance policy required hereunder shall be (1) subject to reasonable approval by City that it conforms with the requirements of this Section, and (2) be issued by an insurer rated A–:VII or higher in the then-current A. M. Best's Key Rating Guide and licensed to do business in the State of Washington unless procured under the provisions of chapter 48.15 RCW (Unauthorized insurers).

Any deductible or self-insured retention ("S.I.R.") must be disclosed to, and shall be subject to reasonable approval by, the City. Lessee shall cooperate to provide such information as the City may reasonably deem to be necessary to assess the risk bearing capacity of the Lessee to sustain such deductible or S.I.R. The cost of any claim falling within a deductible or S.I.R. shall be the responsibility of Lessee. If a deductible or S.I.R. for CGL or equivalent insurance is not "fronted" by an insurer but is funded and/or administered by Lessee or a contracted third party claims administrator, Lessee agrees to defend and indemnify the City to the same extent as the City would be protected as an additional insured for primary and non-contributory limits of liability as required herein by an insurer.

16.4 Waiver of Subrogation. Unless such waiver would void the property insurance coverage to be provided pursuant to this section, the City and Lessee waive all subrogation rights each may have against the other, or any subtenant, for damages caused by fire or other perils to the extent covered by property insurance obtained pursuant to this section or other property insurance applicable to the Premises, except such rights as they have to proceeds of such insurance held by the City or the Lessee or both as fiduciary. The Lessee shall require similar waivers from its subtenants, contractors and their subcontractors. This waiver of subrogation shall be effective to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, whether or not the person or entity paid the insurance premium directly or indirectly, and whether or not the person or entity has an insurable interest in the property damaged.

16.5 Evidence of Insurance. On or before the Commencement Date, and thereafter not later than the last business day prior to the expiration date of each such policy, the following documents must be delivered to City at its notice address as evidence of the insurance coverage required to be maintained by Lessee:

16.5.1 Certification of insurance documenting compliance with the coverage, minimum limits and general requirements specified herein, and

16.5.2 A copy of the CGL insurance policy provision(s) documenting that the City of Seattle is an additional insured on a primary and non-contributory basis;

Original certification of insurance shall be issued to:

The City of Seattle
Attention: Director of Finance and Administration Seattle Center
305Harrison
Seattle, WA 98109

and a copy shall be emailed in PDF format to riskmanagement@seattle.gov or faxed to (206) 470-1270.

16.6 Assumption of Property Risk. The placement and storage of Lessee's Business Personal Property in or about the Premises shall be the responsibility, and at the sole risk, of Lessee.

17. **Assignment or Sublease**.

17.1 Transfer, Assignment and Sublease Generally. Lessee shall not sublet or encumber the whole or any part of the Premises, nor shall this Lease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court or otherwise, without the prior written consent of the Director, whose consent may be given or withheld in that official's sole discretion. The granting of consent to a given transfer shall not constitute a waiver of the consent requirement as to future transfers. Any assignment or sublease, without City's prior written consent, at City's option, shall be void. No assignment or sublease shall release Lessee from primary liability hereunder. Each assignment and sublease shall be by an instrument in writing in form satisfactory to City. If Lessee is a corporation, then any transfer of this Lease by merger, consolidation or liquidation, or any direct or indirect change, in the ownership of, or power to vote the majority of, Lessee's outstanding voting stock, shall constitute an assignment for the purposes of this Lease. If Lessee is a partnership, then a change in general partners in or voting or decision-making control of the partnership shall also constitute an assignment.

17.2 Permitted Facility Use Agreements. Notwithstanding Section 17.1 and without the need for the Director's approval, Lessee may enter into facility use agreements with organizations for short term rental of portions of the Premises for theatrical, music, and dance performances, visual arts, lectures, demonstrations of art forms or other activities consistent with the Permitted Uses, provided that no such subletting shall relieve the Lessee of any obligations

under this Lease. Provided further that Lessee shall not enter into a facility use or subtenant agreement with any entity that City has notified Lessee is in arrears on payments due the City. City shall notify Lessee by October 1of each calendar year regarding any entities subject to this restriction for the following calendar year. Neither this Lease, nor any right, privilege, nor other interest conferred by this Lease shall pass to any trustee or receiver in bankruptcy or to any receiver or assignee for the benefit of creditors, nor shall this Lease or any rights, privilege, or interest be transferable by operation of law or proceeding of any court without the City's consent.

18. **Assignment by City**. If City sells or otherwise transfers the Premises, or if City assigns its interest in this Lease, such purchaser, transferee, or assignee thereof shall be deemed to have assumed City's obligations under this Lease arising after the date of such transfer, and City shall thereupon be relieved of all liabilities under this Lease arising thereafter, but this Lease shall otherwise remain in full force and effect. Lessee shall attorn to City's successor, which assumes and agrees to perform all of City's obligations under this Lease.

19. **Destruction**. If the Premises are rendered partially or totally untenantable by fire or other casualty, and if (i) the damage is repairable within eighteen (18) months from the date of the occurrence and (ii) insurance proceeds or self-insurance coverages are available to pay the full cost of the repairs (except for the deductible amounts), then the City shall make all insurance proceeds available to Lessee in the time and manner provided for under the insurance policy and Lessee shall repair the Premises with due diligence. Prior to implementing any repairs, alterations, additions or improvements to the Premises, Lessee shall submit to the Director plans and specifications for such work for the Director's review and approval. If the Premises are rendered partially or totally untenantable by fire or other casualty and the damage to the Premises is uninsured or cannot be repaired within eighteen (18) months from the date of the occurrence, City or Lessee may terminate this Lease upon thirty (30) days' written notice to the other, which notice shall be given within sixty (60) days after the occurrence of the casualty event. In the event of damage by casualty, Lessee shall, at its sole cost and expense, repair all damage to its own personal property. Except in the event of City's gross negligence, intentional misconduct or breach of this Lease, City shall not be liable to Lessee for damages, compensation or other sums for inconvenience, loss of business or disruption arising from any repairs to or restoration of any portion of the Premises.

20. **Eminent Domain**.

20.1 Taking. If all of the Premises are taken by Eminent Domain, this Lease shall terminate as of the date Lessee is required to vacate the Premises and all Rent and Additional Charges shall be paid to that date. The term "Eminent Domain" shall include the taking or damaging of property by, through or under any governmental or statutory authority, and any purchase or acquisition in lieu thereof, whether the damaging or taking is by government or any other person. If a taking of any part of the Premises by Eminent Domain renders the remainder thereof unusable for the business of Lessee, in the reasonable judgment of City, the Lease may, at the option of either party, be terminated by written notice given to the other party not more than thirty (30) days after City gives Lessee written notice of the taking, and such termination shall be effective as of the date when Lessee is required to vacate the portion of the Premises so taken. If this Lease is so terminated, all Rent and Additional Charges shall be paid to the date of

termination. Whenever any portion of the Premises is taken by Eminent Domain and this Lease is not terminated, City, at its expense, shall proceed with all reasonable dispatch to restore, to the extent of available proceeds and to the extent it is reasonably prudent to do so, the remainder of the Premises to the condition they were in immediately prior to such taking, and Lessee, at its expense, shall proceed with all reasonable dispatch to restore its personal property and all improvements made by it to the Premises to the same condition they were in immediately prior to such taking, to the extent award is available therefor. The Rent and Additional Charges payable hereunder shall be reduced from the date Lessee is required to partially vacate the Premises in the same proportion that the rentable area taken bears to the total rentable area of the Premises prior to taking.

20.2 Award. Except as otherwise provided below, City reserves all right to the entire damage award or payment for any taking by Eminent Domain, and Lessee waives all claim whatsoever against City for damages for termination of its leasehold interest in the Premises or for interference with its business. Lessee hereby grants and assigns to City any right Lessee may now have or hereafter acquire to such damages and agrees to execute and deliver such further instruments of assignment as City, from time to time, may request. Lessee, however, shall have the right to claim from the condemning authority all compensation that may be recoverable by Lessee on account of any loss incurred by Lessee in moving Lessee's merchandise, furniture, trade fixtures and equipment and the cost of restoring its personal property and improvements made by it to the Premises.

21. **Default by Lessee.**

21.1 Definition. If Lessee violates, breaches, or fails to keep or perform any term, provision, covenant, or any obligation of this Lease; or if Lessee files or is the subject of a petition in bankruptcy, or if a trustee or receiver is appointed for Lessee's assets or if Lessee makes an assignment for the benefit of creditors, or if Lessee is adjudicated insolvent, or becomes subject to any proceeding under any bankruptcy or insolvency law whether domestic or foreign, or liquidated, voluntarily or otherwise; then Lessee shall be deemed in default ("Default").

21.2 City Remedies. If Lessee has Defaulted and such Default continues or has not been remedied to the reasonable satisfaction of the Director within ten (10) days after written notice from the City for any failure to pay Rent or Additional Charges and within thirty (30) days after written notice from the City for any non-monetary Default, then City shall have the following nonexclusive rights and remedies at its option: (1) to cure the Default on Lessee's behalf and at Lessee's sole expense and to charge Lessee for all actual and reasonable costs and expenses incurred by City in effecting the cure as an Additional Charge; (2) to terminate this Lease and pursue any other remedy allowed under this Lease and at law or equity; provided, however, that if the nature of Lessee's obligation (other than monetary obligations or Required Subtenant Performances and other than vacation or abandonment of the Premises) is such that more than thirty (30) days is required for performance, then Lessee shall not be in default if it commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

21.3 Reentry by City Upon Termination. Upon the termination of this Lease, City may reenter the Premises, take possession thereof, and remove all persons therefrom, for which actions Lessee shall have no claim thereon or hereunder. Lessee shall be liable and shall reimburse City upon demand for all actual and reasonable costs and expenses of every kind and nature incurred in retaking possession of the Premises. If City retakes the Premises, City shall have the right, but not the obligation, to remove therefrom all or any part of the personal property of Lessee located therein and may place the same in storage at any place selected by City, including a public warehouse, at the expense and risk of Lessee. City shall have the right to sell such stored property, after reasonable prior notice to Lessee, after it has been stored for a period of thirty (30) days or more. The proceeds of such sale shall be applied first, to the cost of such sale; second, to the payment of the charges for storage, if any; and third, to the payment of any other sums of money that may be due from Lessee to City; the balance, if any, shall be paid to Lessee.

21.4 Vacation or Abandonment. If Lessee vacates or abandons the Premises in their entirety and fails to reoccupy them within thirty (30) days after City (1) delivers a notice to Lessee's notice address set forth in Section 1.5 above demanding such reoccupancy and (2) mails by certified or registered mail a copy of the notice to any forwarding address given by Lessee to City in writing, Lessee shall be in Default under this Lease.

21.5 City's Non-exclusive Remedies upon Termination due to Default of Lessee. Notwithstanding any reentry by City and anything to the contrary in this Lease, in the event of the termination of this Lease due to the Default of Lessee, the liability of Lessee for all sums due under this Lease provided herein shall not be extinguished for the balance of the Term of this Lease. Lessee shall also be liable to City for any other amount (excluding consequential or specific damages) necessary to compensate City for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including but not limited to, any costs or expenses incurred in maintaining or preserving the Premises after such Default, and any costs incurred in authorizing others the use and occupancy of the Premises and in preparing the Premises for such use and occupancy, and such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of Washington. The provisions of this Section 21.5 shall survive the expiration or earlier termination of this Lease.

21.6 Liquidated Damages. City's willingness to enter into this Lease is conditioned, in part, on Lessee's commitment to enter into facility use agreements with users for short term rental of portions of the Premises and to implement an Arts Incubation Program designed to build community and capacity among the region's arts organizations. As a result, Lessee's failure to have other artistic and cultural organizations utilize the Premises for the Required Subtenant Performances will damage and impair the consideration received by City under this Lease. However, Lessee and City mutually acknowledge that it would be impracticable and difficult to fix the actual damages sustained as a result of such failure. Lessee and the City therefore agree that if Lessee fails to provide the Required Subtenant Performances and the failure is not caused by the actions or inactions of the City and the Director has not reduced the annual number of Required Subtenant Performances, than Lessee shall pay the City as liquidated damages for such failure the sum of three hundred seventy-five dollars ($375.00) (the "Per Performance Liquidated Damages") per performance for each performance per year less than the

number of Required Subtenant Performances. Beginning on January 1, 2014 and thereafter annually, the Per Performance Liquidated Damages shall be adjusted upward only in the same manner for adjustment of Rent under Section 4.3. Both parties agree that the amount of liquidated damages is not intended as a penalty; rather it is intended to eliminate uncertainty regarding the amount of possible future damages and to establish a reasonable amount to compensate City for its damage as a result of Lessee's failure to comply with a material provision of the Lease. City's right to liquidated damages shall apply only to City's election to be compensated by monetary damages for Lessee's failure to provide the Required Subtenant Performances, and shall not preclude the City from pursuing its rights under this Lease to seek other remedies for Default. The City shall notify Lessee in writing of any claim for liquidated damages under this provision, and Lessee shall either dispute or pay such claim within thirty (30) days of the date of the notice. In the event of a dispute regarding the number of Required Subtenant Performances of this Section 21, the parties shall confer and make good faith efforts to resolve the dispute prior to instituting and legal action hereunder.

22. **City's Remedies Cumulative; Waiver**. City's rights and remedies hereunder are not exclusive, but cumulative, and City's exercise of any right or remedy due to a Default or breach by Lessee shall not be deemed a waiver of, or alter, affect or prejudice any other right or remedy that City may have under this Lease or by law or in equity. Neither the acceptance of Rent or Additional Charges nor any other act or omission of City at any time or times after the happening of any event authorizing the cancellation or forfeiture of this Lease shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term or condition hereof or to deprive City of its right to cancel or forfeit this Lease, upon the written notice provided for herein, at any time that cause for cancellation or forfeiture may exist, or be construed so as to estop City at any future time from promptly exercising any other option, right or remedy that it may have under any term or provision of this Lease.

23. **Default by City**. City shall be in default if City fails to perform its obligations under this Lease within thirty (30) days after its receipt of notice of nonperformance from Lessee; provided, that if the default cannot reasonably be cured within the thirty (30) day period, City shall not be in default if City commences the cure within the thirty (30) day period and thereafter diligently pursues such cure to completion. Upon City's default, Lessee may pursue any remedies at law or in equity that may be permitted from time to time by the laws of the State of Washington.

24. **Attorneys' Fees**. If either party retains the services of an attorney in connection with enforcing the terms of this Lease, each party agrees to bear its own attorneys' fees and costs.

25. **Access by City**. City and its agents shall have the right to enter the Premises at any reasonable time to examine the same, and to show them to prospective purchasers, lenders or tenants, and to make such repairs, alterations, improvements, additions or improvements to the Premises as City may deem necessary or desirable. If Lessee is not personally present to permit entry and an entry is necessary in an emergency, City may enter the same by master key or may forcibly enter the same, without rendering City liable therefor, except in the event of City's gross negligence or intentional misconduct. Nothing contained herein shall be construed to impose upon City any duty of repair or other obligation not specifically stated in this Lease. Lessee shall change the locks to the Premises only through City and upon paying City for all actual and reasonable costs related thereto.

26. **Holding Over**. Unless otherwise agreed in writing by the parties hereto, any holding over by Lessee after the expiration of the Lease Term, whether or not consented to by City, shall be construed as a tenancy from month-to-month on the terms and conditions set forth herein. Either party may terminate any holdover tenancy by written notice delivered to the other party not later than twenty (20) days prior to the end of the final month. If Lessee fails to surrender the Premises upon the expiration or termination of this Lease without City's written consent, Lessee shall indemnify, defend and hold harmless City from all losses, damages, liabilities and expenses resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant arising out of such failure. Lessee's obligations under this paragraph shall survive expiration or termination of this Lease.

27. **Notices**. Any notice, demand or request required hereunder shall be given in writing to the party's address set forth in Section 1.5 hereof by any of the following means: (a) personal service; (b) commercial or legal courier; or (c) registered or certified, first class mail, postage prepaid, return receipt requested. Such addresses may be changed by notice to the other parties given in the same manner as above provided. Notices shall be deemed to have been given upon the earlier of actual receipt, as evidenced by the deliverer's affidavit, the recipient's acknowledgment of receipt, or the courier's receipt, except in the event of attempted delivery during the recipient's normal business hours at the proper address by an agent of a party or by commercial or legal courier or the U.S. Postal Service but refused acceptance, in which case notice shall be deemed to have been given upon the earlier of the day of attempted delivery, as evidenced by the messenger's affidavit of inability to deliver stating the time, date, place and manner in which such delivery was attempted and the manner in which such delivery was refused, or on the day immediately following deposit with such courier or, if sent pursuant to subsection (c) above, forty-eight (48) hours following deposit in the U.S. mail.

28. **Successors or Assigns**. All of the terms, conditions, covenants and agreements of this Lease shall extend to and be binding upon City, Lessee and, subject to the terms of Sections 17 and 18, their respective heirs, administrators, executors, successors and permitted assigns, and upon any person or persons coming into ownership or possession of any interest in the Premises by operation of law or otherwise.

29. **Authority and Liability**. Lessee warrants that this Lease has been duly authorized, executed and delivered by Lessee, and that Lessee has the requisite power and authority to enter into this Lease and perform its obligations hereunder. Lessee covenants to provide City with evidence of its authority and the authorization of this Lease upon request.

30. **Partial Invalidity**. If any court determines that any provision of this Lease or the application hereof to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Lease, or application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each other term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

31. **Force Majeure**. Neither City nor Lessee shall be deemed in default hereof nor liable for damages arising from its failure to perform its duties or obligations hereunder if such is due to any cause beyond its reasonable control, including, but not limited to an act of nature, act of civil

or military authority, fire, flood, windstorm, earthquake, strike or labor disturbance, civil commotion, delay in transportation, governmental delay, or war; provided, however, that the foregoing shall not excuse Lessee from the timely payment of Rent and Additional Charges due hereunder, when due.

32. **Counterparts**. This parties may execute this Lease in counterparts, which, taken together, constitute the entire Lease.

33. **Headings**. The section headings used in this Lease are used for purposes of convenience and do not alter in any manner the content of the sections.

34. **Context**. Whenever appropriate from the context, the use of any gender shall include any other or all genders, and the singular shall include the plural, and the plural shall include the singular.

35. **Execution by City and Lessee; Effective Date**. Neither City nor Lessee shall be deemed to have made an offer to the other party by furnishing the other party with a copy of this Lease with particulars inserted. No contractual or other rights shall exist or be created between City and Lessee until all parties hereto have executed this Lease and, if necessary; the appropriate legislative authority approves it.

36. **Time of Essence; Time Calculation Method**. Time is of the essence with respect to this Lease. Except as otherwise specifically provided, any reference in this Lease to the word "day" means a "calendar day"; provided, however, that if the final day for any action required hereunder is a Saturday, Sunday or City holiday, such action shall not be required until the next succeeding day that is not a Saturday, Sunday or City holiday. Any reference in this Lease to the word "month" means "calendar month."

37. **Continuous Operation**. Lessee shall not leave the Premises unoccupied or vacant, but shall open and maintain its operation therein ready for the transaction of business with the public and pursuant to the master calendar maintained under Section 2.3 in a manner similar to that in which other artistic organizations operate at Seattle Center, with the exception of temporary closures for such periods as may be necessary for repairs. Lessee shall close to accommodate reasonable operational requirements of City's business (subject to Lessee's performance schedule and obligations to its subtenants), upon thirty (30) days' prior written notice to Lessee, and Lessee shall immediately close in the case of any emergency as determined by the Director; provided, however, that if Lessee shall close pursuant to this sentence at the direction of City, and if Lessee remains closed at the direction of City for more than three (3) days, then Lessee's Rent and Additional Charges shall be prorated for the duration of the closure in the proportion that the number of days of the closure bears to the number of days of the month. Lessee shall furnish an approved sign at the Premises entrance advising the public of any approved closure, unless closed at the direction of City.

38. **Standards**. Lessee recognizes that, although it is operating its facilities as an independent operator, Seattle Center is organized and exists for the purpose of delighting and inspiring the human spirit in each person and bringing together our rich and varied community.

Lessee, its agents and employees, will devote their efforts toward rendering courteous service to the public, with a view of adding to the enjoyment of the patrons of this recreational facility.

Lessee shall operate and conduct the facilities on the Premises in a businesslike manner, and will not permit any conduct on the part of Lessee's employees or students, which would be detrimental to City's operations.

39. **City's Control of Premises and Vicinity**. All common and other facilities provided by City in or about the Premises are subject to the City's exclusive control and management by City. Accordingly, City may do any and all of the following (among other activities in support of the Seattle Center or other municipal objectives), all without incurring any liability whatsoever to Lessee:

39.1 Change of Vicinity. City may increase, reduce, or change in any manner whatsoever the number, dimensions, and locations of the walks, buildings, landscaping, exhibits, service area, and parking areas in the vicinity of the Premises;

39.2 Traffic Regulation. City may regulate all traffic within and adjacent to the Premises, including the operation and parking of vehicles of Lessee and its invitees, employees, and patrons.

39.3 Display of Promotional Materials. City may erect, display, and remove promotional exhibits and materials and permit special events on property adjacent to and nearby the Premises.

39.4 Promulgation of Rules. City may promulgate, from time to time, reasonable rules and regulations regarding the use and occupancy of all areas of the Seattle Center including, but not limited to, the Premises.

39.5 Change of Businesses. City may change the size, number, and type and identity of concessions, stores, businesses and operations being conducted or undertaken in the vicinity of the Premises and to operate and to authorize others to engage in any and all forms and locations of business activity at the Seattle Center.

39.6 Hours of Operation. City may determine the days and hours the Seattle Center and various business operations other than the Premises will be open to the public.

39.7 Entrance Charges. City may impose a reasonable charge for admission to the Seattle Center and the facilities thereon, including during the Bumbershoot Festival, provided, however , the City will ensure that Lessee's staff and students (and patrons of its subtenants) entering Seattle Center for the sole purpose of visiting the Premises are not charged an admission fee.

40. **Lessee's Records; Audit**. Lessee shall keep true, full, and accurate books of account setting forth Lessee's receipts from its operations at the Premises, together with any other information that will affect the determination of Rent, Minimum Capital Investment and Additional Charges. City shall be allowed after five (5) days' prior written notice to Lessee to inspect Lessee's books of account related to its operations at the Premises at Lessee's office and

to procure audits thereof by an auditor at City's sole cost and expense (except as provided below). Lessee shall retain all books of accounting and any other information that will affect the determination of Rent and Additional Charges for a period of six (6) years after the expiration or termination of this Lease, and Lessee shall make them available for inspection at Lessee's office within ten (10) days of City's prior written demand therefor. Lessee's obligations under this paragraph shall survive expiration or termination of this Lease.

41. **Miscellaneous**.

41.1 Entire Lease. This Lease and the Exhibits attached hereto, and by this reference incorporated herein, set forth the entire agreement of City and Lessee concerning the Premises, and there are no other agreements or understanding, oral or written, between City and Lessee concerning the Premises. Any subsequent modification or amendment of this Lease shall be binding upon City and Lessee only if reduced to writing and signed by them.

41.2 Negotiated Lease. The parties to this Lease acknowledge that it is a negotiated agreement, that they have had the opportunity to have this Lease reviewed by their respective legal counsel, and that the terms and conditions of this Lease are not to be construed against any party on the basis of such party's draftsmanship thereof.

41.3 Applicable Law; Venue. The Lease shall be governed by, and construed in accordance with the laws of the State of Washington. Venue for any lawsuit relating to or arising under this Lease shall be in King County Superior Court.

41.4 No Partnership. The City shall not be construed to be a partner, associate or joint venturer of the Lessee or any of its subtenants or concessionaires. Lessee shall not create any obligation or responsibility on behalf of City or bind City in any manner.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year effective above.

CITY:

THE CITY OF SEATTLE

By: _____

Name: _____
Title: Director, Seattle Center

LESSEE:

CORNISH COLLEGE OF THE ARTS

By: _____

Name: _____
Title: _____

By: _____

Name: _____
Title: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 20__, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared _____, known to me to be the Director of Seattle Center of **THE CITY OF SEATTLE**, the party that executed the foregoing instrument as City, and acknowledged said instrument to be the free and voluntary act and deed of said party, for the purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed the day and year in the certificate above written.

_____ _____
[Signature] *[Printed Name]*

NOTARY PUBLIC in and for the State of Washington residing at _____.
My commission expires _____.

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 20__, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____of **CORNISH COLLEGE OF THE ARTS**, the entity that executed the foregoing instrument as Lessee; and acknowledged to me that s/he signed the same as the free and voluntary act and deed of said entity for the uses and purposes therein mentioned and that s/he was authorized to execute said instrument for said entity.

WITNESS my hand and official seal the day and year in this certificate above written.

_____ _____
[Signature] *[Printed Name]*

NOTARY PUBLIC in and for the State of Washington residing at _____.
My commission expires _____.

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 20__, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____of **CORNISH COLLEGE OF THE ARTS**, the entity that executed the foregoing instrument as Lessee; and acknowledged to me that s/he signed the same as the free and voluntary act and deed of said entity for the uses and purposes therein mentioned and that s/he was authorized to execute said instrument for said entity.

WITNESS my hand and official seal the day and year in this certificate above written.

_____ _____
[Signature] *[Printed Name]*

NOTARY PUBLIC in and for the State of Washington residing at _____.
My commission expires _____.

EXHIBIT A

Premises Floor Plan

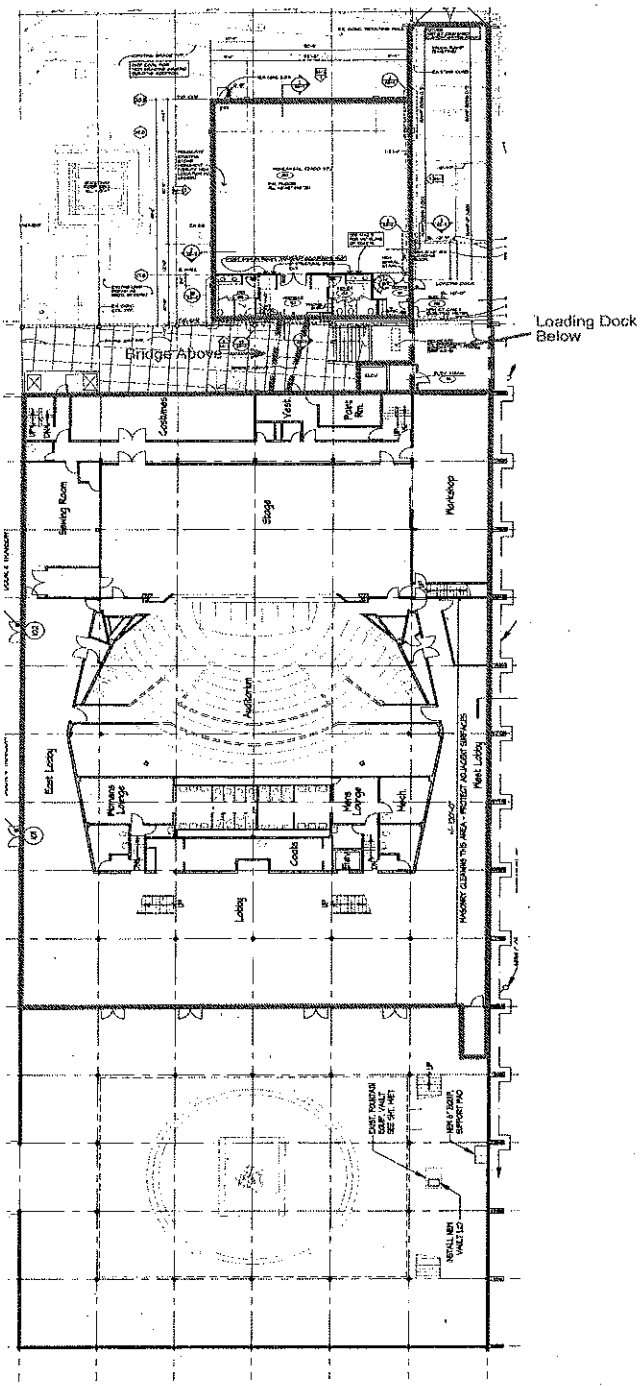

EXHIBIT B

Guidelines for Digital Readerboards

Guidelines for Messaging:

- Each resident organization will have 5 readerboard messages/frames per week, and the opportunity to switch out one message in the middle of the week with a new message. Example: event-specific message switches out in the middle of week because event is over.
- Readerboard messages will change weekly on Thursdays. If new content is not submitted, existing messages will continue to run.
- Messages need to be submitted by organization one week prior to Thursday live date.
- Content (i.e. event messaging, sponsorship obligations) for messages will be determined by resident organization.
- Maximum line count per message/frame is 3 lines.
- Maximum character count per line is 16 (including spaces).
- Recommended template for event message/frame:
    - Line 1: Event Name
    - Line 2: Date
    - Line 3: Location
- Resident organization to proof own messaging.
- 5 resident organization messages/frames will share rotation with 3 Seattle Center messages /frames.

EXHIBIT C

EQUIPMENT REQUIRED TO MAKE A FULLY FUNCTIONING THEATRE

Sound Equipment:

Loudspeakers providing complete coverage of the seating area, rigged and connected to amplifiers of appropriate power and load handling ability. A mixing console of at least 16 input channels, and appropriate equalization and patching facilities. Microphone and speaker circuitry from stage to booth to be functional.

Stage monitor system including amplifiers and speakers that can be connected to booth equipment.

Backstage paging and monitor system consisting of microphones, mixer, limiting and processing, and distributed speaker system to dressing rooms, hallways, and shop areas. May also extend to office, break rooms, etc.

At least two tape decks or digital devices, capable of recording and playback, patched to the mixer in good working order.

An intercom system consisting of a stage manager's station and at least six remote stations, complete with headsets and cables.

Lighting Equipment:

Control console (lightboard), dimmers and 160 lighting instruments. All permanently installed circuitry operational and meeting electrical codes at the date of installation. All instruments lamped and operational.

Stage Equipment:

Soft goods, including Main velour curtain, 2 black velour borders, 2 pair black legs, one black backdrop. Rigging system as installed, with all linesets in safe working order.

Lessee shall maintain the equipment in good working order or replace it as necessary.

Form revised: December 12, 2012

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Center	Kerry Smith 615-0358 Rebecca Keith, Law, 684-8239	Greg Shiring 386-4085

Legislation Title:
AN ORDINANCE relating to the Seattle Center Department; authorizing the Seattle Center Director to execute a twenty year lease agreement with Cornish College of the Arts under which agreement Cornish will lease the Seattle Center Playhouse for use as a learning environment for theatrical, music, and dance performances, visual arts, and related theater functions.

Summary of the Legislation:
This legislation authorizes execution of a lease agreement with Cornish College of the Arts for the Seattle Center Playhouse. Under this agreement, Cornish will enter into a twenty year lease with the City for the Playhouse. Cornish will use the space as a learning environment for theatrical, music, and dance performances, visual arts, lectures, demonstrations of art forms, administrative offices, rehearsals, and related theater functions, and will make the space available for short term rental to other organizations.

Background:
The Seattle Center Playhouse is located on the northwest corner of Seattle Center between the Seattle Repertory Theatre and the Exhibition Hall at the 2nd Avenue North and Mercer Street entrance to Seattle Center.

Originally built for the 1962 World's Fair, the Playhouse became home to the newly formed Seattle Repertory Theatre in 1963. Seattle Repertory Theatre moved to the new Bagley Wright Theatre in 1982 and the Playhouse was rented on a short term basis until 1986. In 1986 the facility underwent a $1.2 million renovation, including the removal of over half the original seating and construction of a new modified thrust stage set within a steeply raked semi-circle of seats. The building reopened in 1987 as home to Intiman Theatre. In 1998 Intiman funded the addition of an approximately 3,500 sq. ft. studio/rehearsal hall on the south side of the Playhouse.

Intiman Theatre's lease agreement with the Center for the space was through December 31, 2020. Intiman operated successfully for many years. However, in recent years the organization has experienced financial challenges and did not make various payments due to the City. In an effort to address its financial challenges and continue to operate as a nonprofit theatre, Intiman cancelled its regular season and developed a plan to fundraise for and produce a summer festival season and address its outstanding debts. The City terminated their long term lease agreement for non-payment of rent. However, contingent on Intiman remaining current on a negotiated payment plan for the outstanding debt, the City was willing to enter into a shorter term lease to allow Intiman to produce a summer season and to allow for certain upcoming events Intiman had

planned for the Playhouse, while conducting a Request for Proposal (RFP) process for a new long term tenant for the Playhouse.

In May 2012, Seattle Center issued a RFP for Lease of the Playhouse Theatre at Seattle Center. The RFP Review Panel, a subcommittee of the Seattle Center Advisory Commission, unanimously recommended to the Seattle Center Director that Cornish College of the Arts be selected as the next Playhouse tenant. During 2013 Cornish has been leasing the Playhouse on an interim basis under terms similar to the lease being considered in this legislation.

Cornish is the premier accredited arts college in the Northwest, inspiring the highest standards of artistic and academic excellence. The mission of Cornish is to provide students aspiring to become practicing artists with an excellent educational program in an environment that nurtures creativity and intellectual curiosity, while preparing graduates to contribute to society as artists, citizens and innovators. Cornish realizes this mission by offering baccalaureate degrees in the performing and visual arts and by serving as a focal point in the community for public presentation, artistic criticism, participation in and discussion of the arts. Cornish, which will soon celebrate its 100th anniversary, has a long history and bright future of contribution to the arts in our community.

Lease Terms

Cornish will use the space as an integrated learning and performance facility. They will also make the facility available for subleasing to other established artistic and/or cultural organizations for a minimum number of performances per year. In addition to making the facility available to established subtenants, Cornish will also ensure the facility is available to incubatory community based arts organizations for 6 weeks per year.

Term of Agreement

- The lease term is 20 years, with an option for the City to terminate the lease at 10 years. If the City elects to terminate the lease, the City will reimburse Cornish for up to $100,000 in documented relocation costs and up to $250,000 for the un-depreciated portion of their capital investments.

Rent

- Cornish will pay an annual rent of $160,000 comprised of a combination of Base Rent of $80,000 paid in cash and Public Benefit/In-Kind Rent of $80,000.
- The rent will be increased by the CPI beginning in 2015.
- Public Benefit/In-Kind Rent can be paid through Cornish faculty, alumni, staff and/or students providing free public performances to Seattle Center, reduced rental rates charged to nonprofit organizations or incubatory community based organizations, the provision of programs benefitting the public or other items approved by the Director. Cornish will submit an annual proposal to the Director outlining the proposed benefits for the coming year and the value associated with each of those benefits. If, at the end of the year, the value of the Public Benefit/In-Kind Rent is short of the required amount,

Cornish will pay the deficiency in cash. The value of Public Benefit/In-Kind Rent provided in one year cannot carry over into a future year and it cannot be used in lieu of the required cash rent.

City Use and Subtenants

- The City will continue to utilize the Playhouse for Folklife and Bumbershoot as well as having use of the building for up to 5 days per year.
- Cornish may sublease the building to other users and is required to do so for no less than 100 performances per year. If Cornish does not sublease the Playhouse for the required number of performances they will pay liquidated damages of $375 per performance for each performance less than 100.
- Cornish will also make the Playhouse available to incubatory community based arts organizations for 6 weeks per year.
- Cornish anticipates that Intiman Theatre will be a subtenant and will rent office space and produce a summer theatre festival at the Playhouse.

Capital Investment

- Over the lease term Cornish will make a minimum investment of $1,000,000 in capital improvements to the facility. Of that amount, a minimum investment of $500,000 will be made in the first ten years.
- The City will provide a tenant improvement reimbursement allowance of up to $50,000 for acquisition of a fire curtain for the Playhouse.
- At the end of the lease term, all capital improvements made to the premises will become the property of the City.

Maintenance and Operations

- Cornish will be responsible for operation and maintenance of the building interior and of all building systems and pay for all utilities.
- The City will be responsible for maintenance of the roof and exterior walls of the building as well as maintaining Seattle Center utility systems serving the building.
- The City will be responsible for maintenance of the Playhouse HVAC system, which is part of the Center's campus-wide system, but Cornish will reimburse the City for all maintenance costs.

Please check one of the following:

____ **This legislation does not have any financial implications.**

__X__ **This legislation has financial implications.**

Appropriations:

Fund Name and Number	Department	Budget Control Level*	2013 Appropriation	2014 Anticipated Appropriation
TOTAL				

**See budget book to obtain the appropriate Budget Control Level for your department.*

Appropriations Notes:
This legislation does not authorize an appropriation.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2013 Revenue	2014 Revenue
TOTAL				

Revenue/Reimbursement Notes:
This legislation does not include an appropriation. The adopted 2013 and 2014 Seattle Center revenue budget assumed lease revenue of $52,000 and $53,000 respectively and that the lessee would pay all utility costs for the space. The proposed lease includes total 2014 rent of $160,000, with $80,000 being paid in cash. Cornish will pay for all Playhouse utilities.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2013 Positions	2013 FTE	2014 Positions*	2014 FTE*
TOTAL							

** 2014 positions and FTE are total 2014 position changes resulting from this legislation, not incremental changes. Therefore, under 2014, please be sure to include any continuing positions from 2013.*

Position Notes:
This legislation does not create or abrogate positions.

Do positions sunset in the future?
NA

Spending/Cash Flow:

Fund Name & #	Department	Budget Control Level*	2013 Expenditures	2014 Anticipated Expenditures
TOTAL				

** See budget book to obtain the appropriate Budget Control Level for your department.*

Spending/Cash Flow Notes:
Not applicable

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?** In this legislation the City commits to maintaining the structural aspects and exterior of the Playhouse throughout the lease term. It should be noted that the City has had and will continue to have this responsibility even if the legislation is not approved.

b) **What is the financial cost of not implementing the legislation?** If this legislation is not approved, there will be no tenant in the playhouse and the City would be responsible for all maintenance and utility expenses.

c) **Does this legislation affect any departments besides the originating department?** No

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** The May 2012 RFP resulted in two proposals. The other proposer, Theatre of Puget Sound, would be an alternative tenant for the building, although the Seattle Center Advisory Commission subcommittee evaluating the proposals considered Cornish's proposal to be a better fit with the Center's goals. Seattle Center could also operate the Playhouse as a rental facility and assume responsibility for all operating, maintenance and utility expenses.

e) **Is a public hearing required for this legislation?** No

f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?** No

g) **Does this legislation affect a piece of property?** Yes, the Seattle Center Playhouse is on the northwest corner of Seattle Center between the Seattle Repertory Theatre and the Exhibition Hall at the 2nd Avenue North and Mercer Street entrance to Seattle Center. A map depicting the premises floor plan is included as Exhibit A to the lease.

h) **Other Issues:** None

City of Seattle
Office of the Mayor

January 8, 2013

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill that authorizes a lease agreement with Cornish College of the Arts to use the Seattle Center Playhouse as a learning environment for experiential and classroom instruction, and public performances of theater, music and dance and visual arts programming. Cornish is the premier accredited arts college in the Northwest, inspiring the highest standards of artistic and academic excellence. While Cornish's mission is to "provide students aspiring to become practicing artists with an educational program of the highest quality," its role is far broader. Cornish students, alumni and faculty are working artists - theater directors, visual artists, set and lighting designers, dancers and musicians - making art in and for our community. They are also innovative designers, business leaders, teachers, and supportive audience members and torchbearers for the arts.

Under the lease agreement authorized by this proposed legislation, Cornish will lease the Playhouse for twenty years, investing a minimum of $1,000,000 in capital improvements. Cornish will pay an annual rent starting at $124,000 in 2013, increasing to$160,000 in 2014. The rent is paid with a combination of cash and public benefit/in-kind contributions. In addition, Cornish will sublease the space for a minimum number of public performances per year and will make the space available to incubatory community arts organizations to help ensure that the Playhouse continues to be used to foster the presentation of artistic activities in Seattle.

On the cusp of their 100th birthday Cornish is poised to make their influence more visible by joining the artistic and cultural institutions that call the Center home, helping to bring together our rich and varied community at Seattle Center. Thank you for your consideration of this legislation. Should you have questions, please contact Kerry Smith at 615-0358.

Sincerely,

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
Office of the Mayor
600 Fourth Avenue, 7th Floor
PO Box 94749
Seattle, WA 98124-4749

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