

#8

Bill Craven
FAS Fire Marshal Lease ORD
August 14, 2013
Version 3

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117921

AN ORDINANCE relating to the Department of Finance and Administrative Services; authorizing the Director of the Department of Finance and Administrative Services to execute an amendment to a lease last authorized by Ordinance 122662, extending the City's lease of office space at 220 Third Avenue South in Seattle from PTL Property LP; and ratifying and confirming certain prior acts.

WHEREAS, in April 1998, Ordinance 118967 authorized a predecessor department to the Department of Finance and Administrative Services to lease office space for the Seattle Fire Department Fire Marshal's Office at 220 Third Avenue South; and

WHEREAS, Ordinance 122662 was subsequently passed in 2008, amending and extending the term of the original lease for the property at 220 Third Avenue South; and

WHEREAS, PTL Property LP is the current owner and landlord for that property, and the existing lease agreement expired on May 31, 2013; and

WHEREAS, the Seattle Fire Department Fire Marshal's space needs cannot be accommodated in City-owned buildings for the foreseeable future; and

WHEREAS, the current location meets the Fire Marshal's operational requirements and is more cost effective than moving to an alternate location; and

WHEREAS, PTL Property LP and the City have agreed to an amendment to the lease subject to City Council authorization, and the Seattle Fire Department has continued to occupy the space and pay rent pending finalization of the amendment; and

WHEREAS, Seattle Municipal Code 3.127.020 requires City Council approval of lease agreements that involve more than 5,000 square feet of office space in any single building and the lease includes an option to extend for more than five years; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

1 Section 1. As requested by the Director of Finance and Administrative Services and
2 recommended by the Mayor, said Director is hereby authorized to execute, for and on behalf of
3 the City of Seattle, an amendment to a lease agreement with PTL Property LP, substantially in
4 the form of Exhibit 1 attached hereto and identified as "Third Amendment of Lease," providing
5 for the City of Seattle's tenancy and occupancy of a portion of the real property located at 220
6 Third Avenue South in Seattle.

7
8 Section 2. Once fully executed, the Third Amendment of Lease will be retroactively
9 effective as of June 1, 2013 and will terminate on May 31, 2018.

10 Section 3. Additionally, the Director or his or her successor is further authorized to
11 extend the term of the lease for an additional five year extension as determined by the Director to
12 be in the best interest of the City, on the terms provided under the Third Amendment of Lease.
13

14 Section 4. The rental payments contemplated by the terms of the lease agreement
15 authorized in Section 1 hereof shall be charged to the appropriate expenditure allowance or
16 allowances in the budget of the Department of Finance and Administrative Services and shall be
17 reimbursed to that Department by the Seattle Fire Department.

18 Section 5. This ordinance shall take effect and be in force 30 days after its approval by
19 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
20 shall take effect as provided by Seattle Municipal Code Section 1.04.020.
21

22 Section 6. Any act consistent with the authority of this ordinance taken prior to its
23 effective date is ratified and confirmed.
24
25
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28

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

4
5 _____
6 President _____ of the City Council

7
8 Approved by me this ____ day of _____, 2013.

9
10 _____
11 Michael McGinn, Mayor

12
13 Filed by me this ____ day of _____, 2013.

14
15 _____
16 Monica Martinez Simmons, City Clerk

17 (Seal)

18
19 Attachment:

20 Exhibit 1: Third Amendment of Lease
21
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EXHIBIT 1:

THIRD AMENDMENT OF LEASE

THIS THIRD AMENDMENT OF LEASE is made this _____ day of _____, 2013 by and between **PTL PROPERTY Limited Partnership**, a Washington limited partnership ("Lessor") and **THE CITY OF SEATTLE**, a municipal corporation duly organized and existing under the laws of the State of Washington ("the City").

RECITALS

A. On or about June 1, 1998, the City entered into a lease agreement (the "Master Lease") with John Y. Sato and Victor M. Loehrer, a partnership, for use and occupancy of certain real property located at 220 Third Avenue South, Seattle, Washington, and legally described in the Master Lease as the "Premises". On or about June, 2003, the City and the partnership of John Y. Sato and Victor M. Loehrer agreed to amend the Master Lease (Lease Amendment No. 1) to increase the square footage of the Premises to 9,462 square feet, to extend the term for five additional years, and to adjust the rent to \$12,718.51 per month. The Master Lease and all subsequent amendments are referred to herein as the "Lease".

B. PTL PROPERTY Limited Partnership is the successor to all the rights, obligations, and interests of John Y. Sato and Victor M. Loehrer in the Premises and under the Lease.

C. On or about May 30, 2008 the Lessor and the City amended the Lease (Second Amendment) to extend the term for up to an additional five years.

D. The Lessor and the City agreed that the Lease continue on a month to month tenancy beginning on June 1, 2013, under the same terms and conditions of the previous Second Amendment.

E. The City and Lessor desire to extend the Lease, subject to the terms and conditions set forth in this Third Amendment (the "Third Amendment").

F. Capitalized terms not defined in this Third Amendment shall have the meanings given to them in the Lease.

In consideration of the mutual covenants and conditions contained herein and for other good and valuable consideration, Lessor and The City agree as follows:

1. EXTENSION TERM: The Lease is hereby reinstated and the Term is extended for an additional five (5) year period, commencing June 1, 2013, and shall expire at midnight on May 31, 2018, (the "Extension Term"). The Extension Term shall be upon the same terms and conditions as set forth in the Lease, except as otherwise expressly provided herein. The City and Lessor expressly acknowledge that this Third Amendment is executed after the

commencement date of the Extension Term, and that the parties intend this Third Amendment to be retroactively effective as of June 1, 2013.

2. ADDITIONAL OPTION TO EXTEND: The City shall have the right to extend the Lease for one (1) additional term of five (5) years ("Option Term"). The City shall exercise its right by notifying the Lessor in writing no later than 120 days in advance of the expiration of the then current term.

3. EARLY TERMINATION: The City may terminate this Lease without liability at any time during the Option Term by providing Lessor written notice no less than six months prior to the effective termination date.

4. RENT: Effective June 1, 2013, and thereafter on the first day of each subsequent month during the Extension Term, the City shall pay to Lessor basic monthly rent (the "Rent"), as follows:

Period	Basic Monthly Rent
6/1/2013 – 5/31/2014	\$ 15,375.75
6/1/2014 – 5/31/2015	\$ 15,837.02
6/1/2015 – 5/31/2016	\$ 16,312.13
6/1/2016 – 5/31/2017	\$ 16,801.50
6/1/2017 – 5/31/2018	\$ 17,305.54

5. RENT DURING OPTION TERM: In the event that the City exercises its option to extend the Lease, the Rent during that term shall be as follows:

Period	Basic Monthly Rent
Year 1	\$ 17,824.71
Year 2	\$ 18,359.45
Year 3	\$ 18,910.23
Year 4	\$ 19,477.54
Year 5	\$ 20,061.86

6. TENANT IMPROVEMENTS: Each year during the Term, Lessor shall provide a tenant improvement allowance in the amount of \$15,000 to complete improvements to the Premises requested by City ("Tenant Improvements"). In completing any Tenant Improvements to the Premises, Lessor shall take all reasonable steps to minimize the disruption to the City's operations in the Premises, including but not limited to coordinating the work with the City and performing the work outside of normal business hours.

Within one hundred twenty (120) days of the effective date of this Third Amendment, Lessor shall coordinate with the City to perform the initial Tenant Improvements listed below. If the amount of the initial Tenant Improvements described below exceeds \$15,000, Lessor may either

1) complete the work described below and credit the amount to the Tenant Improvement allowance for the following year, or 2) coordinate with the City to establish the order of priority for the following be performed.

1. Addition of new wall and locking door between the pillar and the existing wall within the entry way of the Premises. The door and locking mechanism shall be of similar style and finish to that of other doors within the premises.
2. Installation of a remote lock/unlock of the front entry door to the Premises.
3. Installation of coating film on windows in sidelights by beanery door and lobby door for entry into the Premises.
4. Installation of Cipher Lock from the inner door of the large conference room to the general work area within the Premises.
5. Installation of reflective mirrors in entryway and in stairway.
6. Ensure all door closure mechanisms are in good working order, including that they latch securely upon exit.

6. EFFECT OF AMENDMENT: This Third Amendment shall be effective when signed by an authorized representative of both parties following an authorizing ordinance of Seattle City Council. As used in this Lease, "Term" means and includes the Extension Term and the Option Terms, if any. All references to "the Lease" mean the Master Lease and all subsequent amendments. Except as expressly amended by this Third Amendment, the Lease remains unmodified and in full force and effect as written.

IN WITNESS WHEREOF, Lessor and The City have executed this Second Amendment as of the date first above written.

LESSOR:

PTL PROPERTY Limited Partnership
a Washington Limited Partnership

By: _____

Its: _____

Date: _____

THE CITY:

CITY OF SEATTLE
a municipal corporation duly organized and
existing under the laws of the State of Washington.

Bill Craven
FAS Fire Marshall Lease ORD EXH 1
July 31, 2013
Version #1

By: _____

Its: _____

Date: _____

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst(s)/Phone:
FAS	Bill Craven/733-9238	Jennifer Devore/615-1328 Melissa Lawrie/684-5805

Legislation Title: AN ORDINANCE relating to the Department of Finance and Administrative Services; authorizing the Director of the Department of Finance and Administrative Services to execute an amendment to a lease last authorized by Ordinance 122662, extending the City's lease of office space at 220 Third Avenue South in Seattle from PTL Property LP; and ratifying and confirming certain prior acts.

Summary of the Legislation:

This legislation authorizes the Director of Finance and Administrative Services (FAS) to amend a lease agreement with PTL Property LP for approximately 9,462 square feet of office space in Seattle, located at 220 Third Avenue South. This action amends an existing lease to add an additional five-years to the term of the lease and at the City's discretion a five-year extension. If authorized by City Council, the Third Amendment to Lease will be retroactively effective to June 1, 2013 upon signature of the Director, and will terminate on May 31, 2018, unless the City exercises its extension option. The legislation is required because the amount of leased space exceeds FAS' leasing authority (under Seattle Municipal Code 3.127 020.C.2) of 5,000 square feet for improved space other than space in a single building in one calendar year and exceeds the length of term that the Director is authorized to approve by Seattle Municipal Code 3.127.010.

Background:

In 1998, Ordinance 118967 (Attachment 1 to FISC) authorized a five-year lease with a five-year extension option for office space at 220 Third Avenue South, for the Seattle Fire Marshal's Office. That lease was amended in 2003 to add 1,082 square feet of space. At this time, there is still no suitable space available in City-owned buildings to accommodate the Fire Marshal's Office, so this amendment will extend the lease for an additional five years and will provide an additional five-year extension option.

The original lease was amended by Ordinance 122662, which authorized the Director to extend the term of the lease agreement for an additional three years and provided an option to extend the lease for two additional one year terms.

At commencement of this Third Amendment to the Lease, the rental rate will be \$19.50 per square foot per year, which is a very reasonable rate for office space in downtown Seattle. The lease specifies that the rent will increase 3% annually. The landlord will spend up to \$15,000 per year for the initial term of the lease for tenant improvements which are intended to increase the security of the Fire Marshal's Office premises and the building.

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:

No additional appropriation is necessary for the remainder of 2013 as the lease rate remains the same until June 1, 2014, at which time the lease rate increases by 3%. Future year lease rates will be included in the annual budget.

Anticipated Revenue/Reimbursement Resulting from this Legislation:

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

Revenue/Reimbursement Notes:

No new additional revenue/reimbursement is anticipated in this legislation.

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

N/A

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:

Table 1 below illustrates the lease costs for the portion of 2013 in which the lease will take effect, and the entirety of 2014.

Table 1: Rent Payments for Fire Marshal's Office 2013 and 2014 covered by this legislation.

Cost	2013		2014	
	Jan – May 2013	June-Dec 2013	Jan - May 2014	June - Dec 2014
Annual Rent	\$77,650.30	107,630.25	\$76,878.75	\$110,859.14
Annual FAS OH (3%)	+ \$2,329.51	+ \$3,228.91	+ \$2,306.36	+ \$3,325.77
Total	\$79,979.81	\$110,859.16	\$79,185.11	\$114,184.91
	Total 2013	\$190,838.97	Total 2014	\$193,370.02

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
 This legislation will obligate the City to pay to the landlord the monthly rental amount as described above for a period of ten years.
- b) **What is the financial cost of not implementing the legislation?**
 If the lease is not extended for the office space, SFD will need to relocate its Fire Marshal's Office to another leased office property and incur substantial moving costs, and potentially higher lease rates. The move could be time consuming and temporarily interrupt the Fire Marshal's services to its constituents.
- c) **Does this legislation affect any departments besides the originating department?**
 Yes, FAS administers this lease on behalf of the Seattle Fire Department.
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
 The only viable alternative would be to secure similar office space at a property that would likely be inferior to this office space, while not achieving any financial advantage.
- 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, this legislation authorizes the Director of Finance and Administrative Services to execute a lease agreement on a portion of property located at 220 Third Avenue South. Please see Attachment 2, proximity map of the leased office space.
- h) **Other Issues:**

Bill Craven
FAS Fire Marshal Lease FISC
August 23, 2013
Version 3

List attachments to the fiscal note below:

Attachment 1: Original Lease

Attachment 2: Proximity map of leased property

**LEASE AGREEMENT
PART A - SIGNATURE FORM**

PARTIES THIS LEASE AGREEMENT, entered into by and between **JOHN Y. SATO AND VICTOR M. LOEHRER D/B/A "MAIN STREET ASSOCIATES"** (hereinafter referred to as the "Lessor"), a partnership organized under the State of Washington, and **THE CITY OF SEATTLE** (hereinafter referred to as the "City"), a municipal corporation duly organized and existing under the laws of the State of Washington, as Lessee, **WITNESSES THAT:**

PREMISES The Lessor hereby leases to the City, and the City hereby leases from the Lessor, approximately 8,382 rentable square feet of office space on the second floor of that certain real property commonly known as 220 Third Avenue South, in Seattle, King County, Washington, that may be further described as follows:

The south half of Lot 3 and all of Lot 4, Block 18, Town of Seattle, as laid out by D.S. Maynard and commonly known as Maynard's Plat of Seattle, according to the plat recorded in Volume 1 of Plats, page 23, in Seattle, King County, Washington

as indicated on Attachment 2 - Schematic (hereinafter referred to as the "Premises").

PURPOSES The Premises shall be used as office space for the Fire Marshal's Office of the Seattle Fire Department and for such other municipal purposes as the City may deem consistent therewith. The City may permit other governmental agencies and community groups approved by the City to use and occupy the area of the building specifically defined as the Premises under City supervision and control, for which expanded use the written consent of Lessor shall not be required.

TERM The Initial Term of this lease shall be for five (5) years commencing on June 1, 1998, and expiring on May 31, 2003, unless terminated earlier pursuant to the provisions hereof.

EXTENSION OPTION The City may, at its sole option, extend this lease for one (1) additional five (5)-year Extension Term commencing on June 1, 2003, and expiring May 31, 2008, by providing to the Lessor six (6) months prior written notice of the City's decision to extend the Initial Term.

TERMINATION OPTION The City shall have the right to terminate this lease at any time during the Extension Term without penalty or any added liability to the Lessor provided it gives the Lessor at least twelve (12) months prior written notice of such termination.

EXPANSION
OPTION

The City shall have the option to lease up to an additional 2,000 usable square feet of storage or space in the basement level of the building in which the Premises are located. This option shall be exercised by the City's giving to the Lessor notice of such exercise and the date on which the City's use of such additional space is to commence, which date shall be not less than 45 days later than the date of such notice. This option shall be exercisable only during the first year of the lease term.

RENT

During Initial Term: In consideration of this lease and the Lessor's performance of all covenants and agreements contained herein, the City shall pay rent to the Lessor for said Premises, at the rental rate of Thirteen and 95/100 Dollars (\$13.95) per square foot of office space per year (which equals a monthly rent of Nine Thousand Seven Hundred Forty-four and Seven One-Hundredths Dollars [\$9,744.07]). If the City exercises the Expansion Option, as described above, the rental rate for the storage space shall be Six and 25/100 Dollars (\$6.25) per square foot per year (which equals a monthly rent of One Thousand Forty-one and Sixty-six One-Hundredths Dollars [\$1,041.66]).

During Extension Term (June 1, 2003 through May 31, 2008): During the Extension Term, the City shall pay rent to the Lessor for the Premises and any storage space leased pursuant to this lease, at the respective rates for such space that were in effect during the Initial Term, increased by the aggregate percentage increase in the Consumer Price Index for All Urban Consumers in the Seattle-Tacoma-Bremerton Metropolitan Statistical Area (1982-84=100) that occurred between April, 1998, and April, 2003, using the base 1982-84=100, according to statistics published by the U.S. Department of Labor, Bureau of Labor Statistics or its successor (hereinafter "CPI-U") Provided, that in the event of any change in the index base (1982-84=100) or other modification of such index, the parties hereto shall apply whatever conversion factor(s) are necessary to establish the true percentage change in the CPI for any year(s) in which such modification(s) occur, and in the event such index is discontinued, the parties hereto shall select and use for such rent adjustment purpose, another, similar index that reflects consumer price changes. For illustrative purposes only, assuming the CPI-U for June, 1998 equals 170.5, and the CPI-U for June, 2003 equals 198.9, the percentage increase in the CPI that occurred between June, 1998 and June, 2003 equals = +16.65%. When this percentage is applied to the Initial Term's monthly rent for office space (\$9,704.47), the monthly rent for office space payable from and after June, 2003 becomes \$11,320.26; and when this percentage is applied to the Initial Term's monthly rent for storage space (\$1,041.66), the monthly rent for storage space payable from and after June, 2003 becomes \$1,215.10.

Rent shall be paid on or before the first day of each month during the Initial Term and the Extension Term; Provided, that until such time as the Lessor specifies the amount of the increased monthly rent by a notice and invoice to the City, the City shall remit to the Lessor as a partial payment, the amount of the monthly rent paid during the immediately preceding month. After the City's receipt of the Lessor's notice of the amount of the increased monthly rent, the City shall remit such increased monthly rent as provided herein together with any adjustment thereto that is due and payable hereunder.

RENTAL
ADJUSTMENT

The rental rates provided herein shall be further reasonably adjusted, annually, from and after June 1, 1999, to reflect the changes in the Lessor's cost of operating the building which costs shall include real estate taxes and assessments; water, sewer, garbage and electrical utility expenses; elevator and HVAC systems maintenance; and janitorial services; and other expenses constituting direct operating costs according to generally accepted accounting principals. The total cost of operating the building in 1998 shall be the Annual Expense Base during the Initial Term, while the total cost of operating the building in 2003 shall be the Annual Expense Base during any Extension Term.

On or about April 1, 1999, and thereafter, on or about April 1st of each calendar year during the Initial Term hereof and any Extension Term, Lessor shall notify the City, in writing, of Lessor's estimate of the operating costs and real estate taxes for the building for the next succeeding lease year (from June 1st of the year in which such notice is to be given through May 31st of the next succeeding calendar year) and the amount thereof that is allocable to the City (the "City's Share"), based on the percentage of the building that the City occupies under this lease. If the City's Share exceeds the then-applicable Annual Expense Base, the City shall pay one-twelfth (1/12th) of such excess in advance on the first day of each month of such lease year. At the end of each lease year, or at the expiration or sooner termination of the lease term, Lessor shall compute the City's Share for such lease year, based on actual costs, and, if the City's Share for such lease year is greater than the sum of the Annual Expense Base and amounts already paid by the City for such lease year, the City shall immediately pay to Lessor the deficiency. If the sum of the Annual Expense Base and amounts paid by the City for such lease year exceeds the City's Share for that lease year, the Lessor shall credit such excess to the payment of rent and additional rent that may thereafter become due; provided, however, upon the expiration or sooner termination of the lease term, if the City has otherwise complied with all other terms and conditions of this lease, Lessor shall refund such excess to the City. Notwithstanding anything contained in this paragraph, the rent payable by the City shall be, in no event, less than the rent specified in the "Rent" paragraph above.

TENANT
IMPROVEMENTS

Prior to commencement of the Initial Term, the Lessor shall complete, at Lessor's expense, tenant improvements to the Premises according to plans approved by the Seattle Fire Department and other appropriate City departments, as shown on Attachment 2 -Schematic, and as otherwise requested by the City. The Lessor shall invoice the City for that portion of the cost of making such tenant improvements that exceeds the sum of Forty-four Thousand and No Hundredths Dollars (\$44,000.00).

INSURANCE

The policy of public liability insurance required of the Lessor in Part B hereof shall be in at least the following amounts:

- \$1,000,000.00 for injury to, or loss of life of, any individual person;
- \$1,000,000.00 in the aggregate for personal injuries suffered in each occurrence;
- \$1,000,000.00 property damage suffered in each occurrence.


UTILITIES AND OTHER SERVICES Notwithstanding the provisions of Part B, Section hereof, the City shall pay telephone use charges and all telephone installation charges.

AGREEMENT CONTENTS This lease consists of Part A - Signature Form plus Part B - General Terms and Conditions, Attachment 1 - Schedule of Utilities and Other Services, and Attachment 2 - Schematic, all of which, by this reference, are incorporated herein, and embody the entire agreement of the parties hereto. There are no other understandings or agreements, written or oral, between the parties relating to the subject matter hereof.

EFFECTUATION OF AGREEMENT In order to be effective, this lease must be (1) signed by an authorized representative of the Lessor and returned to the City at the address set forth below, accompanied by the required certificate of insurance, and (2) signed by the City's Executive Services Director pursuant to ordinance authority.

IN WITNESS WHEREOF, the parties hereto have affixed their signature below:

THE CITY OF SEATTLE

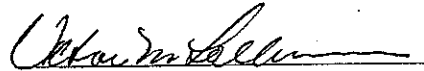


Dwight D. Dively
Executive Services Director

John Y. Sato & Victor M. Loehrer
dba MAIN STREET ASSOCIATES



John Y. Sato, General Partner



Victor M. Loehrer, General Partner

City's address for all communications:

Executive Services Department
Alaska Building, 14th Floor
618 Second Avenue
Seattle, Washington 98104

Lessor's address for all communications:

Main Street Associates
1200 - 12th Avenue N.E.
Suite C-185
Bellevue, Washington 98004

Ordinance _____

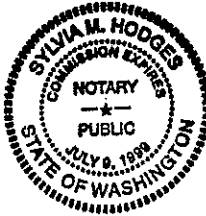
STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that JOHN Y. SATO AND VICTOR M. LOEHRER are the individuals who appeared before me, and said individuals acknowledged that they signed this instrument, on oath stated that they were authorized to execute the instrument and acknowledged it as the partners of the MAIN STREET ASSOCIATES to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 4-23-98

Sylvia M. Hodges
(Notary Signature)

Sylvia M. Hodges
(Print Name)



NOTARY PUBLIC in and for the State of Washington, residing at Issaquah.

My appointment expires 7-9-99.

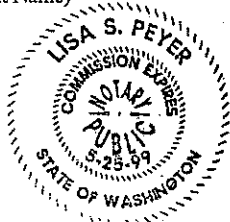
STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Dwight D. Dively is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Executive Services Director of THE CITY OF SEATTLE to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 4/28/98

Lisa S. Peyer
(Notary Signature)

Lisa S. Peyer
(Print Name)



NOTARY PUBLIC in and for the State of Washington, residing at Seattle.

My appointment expires 5/25/99.

Ref: Notary

April 21, 1998

LEASE AGREEMENT
PART B - GENERAL TERMS AND CONDITIONS

1. **POSSESSION.** In the event of the inability of the Lessor to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this lease, the City, at its option may elect to retain the lease and insist upon possession or to cancel this lease as a result of the Lessor's failure to deliver possession. In the event the City elects to cancel, the Lessor shall be liable for incremental costs and other damages incurred by the City in acquiring comparable property. In the event the City elects to retain the lease, the City shall not be liable for any rent or other expense related to the Premises until such time as the Lessor can deliver possession. In the event that, by mutual agreement, the City takes possession of the Premises, or any part thereof, prior to the commencement of the specified term of this lease, the City shall pay as rent for that additional period that percentage of the monthly rent payable under Part A hereof, prorated on a daily basis, that is equivalent to the percentage of the floor area of the Premises actually occupied by the City during said period.
2. **ACCESS.** The City shall allow the Lessor or the Lessor's agent free access at all reasonable times to said Premises to inspect, clean, or make repairs, additions or alterations to the Premises or any connected property owned by or under the control of the Lessor. This provision shall not be construed as an agreement on the part of the Lessor to make such repairs, additions or alterations nor a waiver of the City's right of quiet enjoyment. All such work by the Lessor shall be undertaken in a way so as to minimize interference with the City's use of the Premises.
3. **UTILITIES AND OTHER SERVICES.** Unless otherwise specified in Part A, hereof, the Lessor, at the Lessor's sole expense, shall provide or shall otherwise pay for, when due, all costs for providing all utilities and other services on or to the Premises including but not limited to elevator service, electricity, gas, water, sewer, garbage, heating and cooling or air conditioning, janitorial, and security. The City shall pay all charges for utility installations and modifications thereto occasioned by the City's requirements.
4. **CARE OF PREMISES.** The Premises shall at all times be kept and used in accordance with the laws of the State of Washington and ordinances of The City of Seattle, and in accordance with all duly authorized directions, rules, and regulations of the Health Officer, Fire Marshall or other proper officer of The City of Seattle; and the City will not permit any waste, damage or injury to the Premises, use or permit in said Premises anything that will increase the rate of fire insurance thereon, maintain anything that may be dangerous to life or limb, permit any objectionable noise or odor to escape or to be emitted from said Premises, or permit anything to be done upon said Premises that in any way will tend to create a nuisance.
5. **MAINTENANCE - REPAIRS.** The Premises have been inspected by both parties and are accepted by the City in their existing condition as of the commencement date of this lease, without reservation except for latent defects or faulty construction of the Premises not discoverable by inspection at the time of taking possession. Except as otherwise provided for herein, the Lessor, at its sole expense, shall keep and preserve the Premises in good repair, including but not limited to all structural and non-structural parts thereof, elevators, plumbing, heating, cooling, and electrical, gas and other utility systems; and other equipment and appurtenances of the Premises and the structure of which the Premises form a part.
6. **DAMAGE OR DESTRUCTION.** In the event the Premises are damaged by fire, earthquake, act of war, or other extraordinary casualty to such an extent as to render the same untenable in whole or in a substantial part thereof, or are destroyed, it shall be optional with the Lessor to repair or rebuild the same, and after the happening of any such event, the City shall give the Lessor or the Lessor's agent written notice thereof within forty-eight (48) hours of such occurrence. The Lessor shall have not more than ten (10) days

after the date of such notification to notify the City in writing of the Lessor's intentions to repair or rebuild said Premises; and if the Lessor elects to repair or rebuild said Premises, the Lessor shall prosecute the work of such repairing or rebuilding without unnecessary delay. During any period in which the Premises are rendered unfit for occupancy because of any such casualty, the rent of said Premises shall be abated in the same ratio that the portion of the Premises rendered for the time being unfit for occupancy bears to the whole of the Premises. In the event the building in which the Premises are located is destroyed or is damaged (even though the Premises hereby leased is not damaged thereby) to such an extent that, in the opinion of the Lessor, it is not practicable to repair or rebuild, then the Lessor may, at its option, terminate the lease by providing written notice thereof to the City within thirty (30) days after such damage or destruction has been determined to be irreparable.

7. COMPLIANCE WITH LAW

(a) General Requirement. The Lessor shall perform and comply with all applicable laws of the United States and the State of Washington; the Charter and ordinances of The City of Seattle; and rules, regulations, orders, and directives of their administrative agencies and the officers thereof.

(b) Licenses and Similar Authorizations. The Lessor and/or the City, when applicable, shall secure and maintain in full force and effect during the term of this Agreement, all required licenses, permits, and similar legal authorizations, and comply with all requirements thereof.

(c) Taxes. The Lessor shall pay, before delinquency, all taxes, levies and assessments on the Premises.

(d) Nondiscrimination and Affirmative Action. The Lessor shall comply with all Federal, State and local laws and ordinances prohibiting discrimination with regard to race, color, national origin, ancestry, creed, religion, political ideology, sex, sexual orientation, marital status, or the presence of any sensory, mental or physical handicap.

8. INDEMNIFICATION. The Lessor shall hold City harmless from all claims for accident or injury caused to persons or property by the fault or neglect of the Lessor or any of its employees or agents; or occurring in, on, or about any portion of the structure of which the Premises form a part that is under the control of the Lessor; or caused by any fault or defect inherent in said structure or any defect in or malfunction thereof not discernable by reasonable inspection. The City will hold the Lessor harmless from all claims for accident or injury caused to persons or property by the fault or neglect of the City or any of its employees or agents, to the extent of the fault or neglect of the City. All personal property of the City on said Premises shall be at the risk of and the responsibility of the City.

9. INSURANCE. The Lessor shall secure and maintain in effect during the full term of this lease and each extension thereof, commercial general liability insurance covering the building including the Premises, with policy limits for personal injury and for property damage in an amount not less than \$1,000,000 per occurrence, and \$1,000,000 general aggregate. The Lessor shall deliver to the Facility Services Division of the City's Executive Services Department at the address specified in or pursuant to Section 15 hereof, a copy of a certificate documenting the existence of such insurance within five (5) days after the full execution of this lease and immediately after the renewal date of such insurance; and written notice of the cancellation, termination, reduction or any other change in such insurance coverage not less than twenty-five (25) days prior to the effective date of such change.

10. SIGNS. The City may place identification signs upon the Premises, subject to the prior approval of the Lessor; and permission to place such signs shall not be unreasonably withheld by the Lessor. The Lessor shall have the right to place and maintain "For Rent" signs in a conspicuous place on said Premises and to show the Premises to prospective tenants for thirty (30) days prior to the expiration of this lease.

11. ALTERATIONS, ADDITIONS AND IMPROVEMENTS.

(a) The City shall not make or cause to be made any alteration, addition or improvement to said Premises without first obtaining the written consent of the Lessor for such work. Any alteration, addition or improvement that is made solely for the convenience of the City or any of its employees or agents, or of the program to be conducted on the Premises shall be at the sole cost and expense of the City or the program being conducted on the Premises except for an alteration, addition or improvement occasioned by inherent damage or a latent defect in the Premises or of the structure in which the Premises are located, the cost of which alteration, addition or improvement shall be as agreed upon by the City and the Lessor.

(b) The Lessor shall pay the cost of all alterations, additions, and improvements initiated for the Lessor's convenience, and save the City free and harmless from damage, loss or expense arising out of said alterations performed by the Lessor or on its behalf.

(c) If any of the alterations, additions and improvements as installed by the City may be removed without disturbance, molestation, or injury to the Premises, the City at its option, may remove or cause to be removed said improvements at the City's own expense or may surrender the same with the Premises to remain as a part thereof and to become the property of the Lessor upon the expiration or termination of this lease. In the event said improvements are surrendered, the Lessor and the City shall agree as to their value, and if they constitute a benefit to the Premises, compensation in the agreed amount therefor shall be made to the City within fifteen (15) days of said surrender. If the City and the Lessor cannot agree upon compensation for said benefit to the Premises, the City shall remove said alteration, addition and improvement, exercising due caution and care to minimize damage to the Premises. The Lessor shall accept responsibility for the minimal repair resulting from said improvement removal.

(d) The City shall not without the written consent of the Lessor, operate or install any electrical equipment or machinery (other than ordinary office equipment), or replace or relocate any electric light fixtures.

12. TERMINATION.

(a) Notwithstanding any other provision herein, in the event that either party to this lease defaults in the performance of any of the terms, provisions, covenants and agreements to be kept, observed and performed as provided in the following sections:

Part A –	TERM	Part B –	§3 UTILITIES AND OTHER SERVICES
	RENT		§4 CARE OF PREMISES
			§5 MAINTENANCE-REPAIRS

and such default is not corrected within thirty (30) days after the receipt of written notice thereof from the other party, then the non-breaching party may, at its option, immediately terminate this lease, without notice or other proceedings, and in such event the Lessor may also re-enter and take possession of the Premises. Damages may be claimed for a default in the performance of the other lease obligations, but such default shall not be cause for termination of this lease unless such default is repeated upon three or more occasions and a notice to comply is provided after each such instance.

(b) It is understood that funds for the payment of the rent herein are allocated out of monies received by the City from tax sources and/or other governmental entities and that funding for the program that occupies the Premises can be increased, changed, decreased, or eliminated by executive or legislative action. Therefore, it is agreed by the Lessor and the City that notwithstanding any other provision herein, in the

event said funding and/or program is increased, changed, decreased, or eliminated, or in the judgment of the executive or legislative authority of the City, continuation of the lease to its full term would be an unnecessary expenditure of public funds, then the City may terminate this lease without further obligation to the Lessor, after the City has provided the Lessor with written notice of such termination at least ninety (90) days prior to the effective date thereof and documentation of such executive or legislative action..

13. SURRENDER OF PREMISES. Upon the expiration or termination of this lease, including any extensions thereof, whichever is earlier, the City shall quit and surrender said Premises and all keys thereto, without notice and in as good condition as received at the commencement of the term hereof except for ordinary wear and tear; damage or destruction by fire or other casualty or circumstances uncontrollable by the City; property damaged, removed, or destroyed by the Lessor or its agents; latent defects or faulty construction of the structure of which the Premises comprise a part, not discoverable by inspection at the time of taking possession; and alterations, additions or improvements made to the Premises by the City.

14. ADIUDICATION. This lease shall be construed under all of the applicable laws, statutes, ordinances, rules and regulations of the United States of America, the State of Washington, and The City of Seattle. In the case of a dispute between the parties, jurisdiction over such dispute shall be with the Superior Court of King County, Washington..

15. NOTICES. All notices to be given by either of the parties hereto to the other party, including but not limited to invoices, shall be in writing and may either be delivered personally or may be deposited in the United States Mail, postage prepaid, as either certified or regular mail, addressed as specified in Part A hereof or to such other respective addresses as either party may from time to time designate in writing.

16. RELATIONSHIP. In no event shall the City be construed or held to have become in any way or for any purpose a partner, associate, or joint venturer of the Lessor or any party associated with the Lessor in the conduct of the Lessor's business or otherwise. This lease does not constitute the Lessor as the agent or legal representative of the City for any purpose whatsoever.

17. AMENDMENTS. The parties hereto expressly reserve the right to renegotiate any and all of the provisions hereof from time to time as may be necessary and to amend this lease accordingly; Provided, however, that no alteration or modification of the terms or conditions hereof shall be valid and binding unless made in writing and signed by the authorized representative of the parties hereto.

18. NO WAIVER OF DEFAULT. The City does not waive full compliance with the terms and conditions of this lease by the payment of rent. No waiver of default by either party of any of the terms, covenants, and conditions hereof to be performed, kept and observed by the other party shall be construed as, or operated as, a waiver of any subsequent default or of any of the terms, covenants, and conditions herein contained, to be performed, kept and observed by the other party.

19. BINDING EFFECT. This lease shall be binding upon the heirs, successors, assigns, and all other parties legally empowered with signatory rights of any or all of the parties hereto.

20. INVALIDITY OF PROVISIONS. Should any term, provision, condition or other portion of this lease be held to be inoperative, invalid or void, the same shall not affect any other term, provision, condition or other portion of this lease; and the remainder of this lease shall be effective as if such term, provision, condition or portion had not been contained herein.

Attachment 1

SCHEDULE OF UTILITIES AND OTHER SERVICES

**SERVICES TO BE
PROVIDED BY LESSOR:**

Water

Sewer

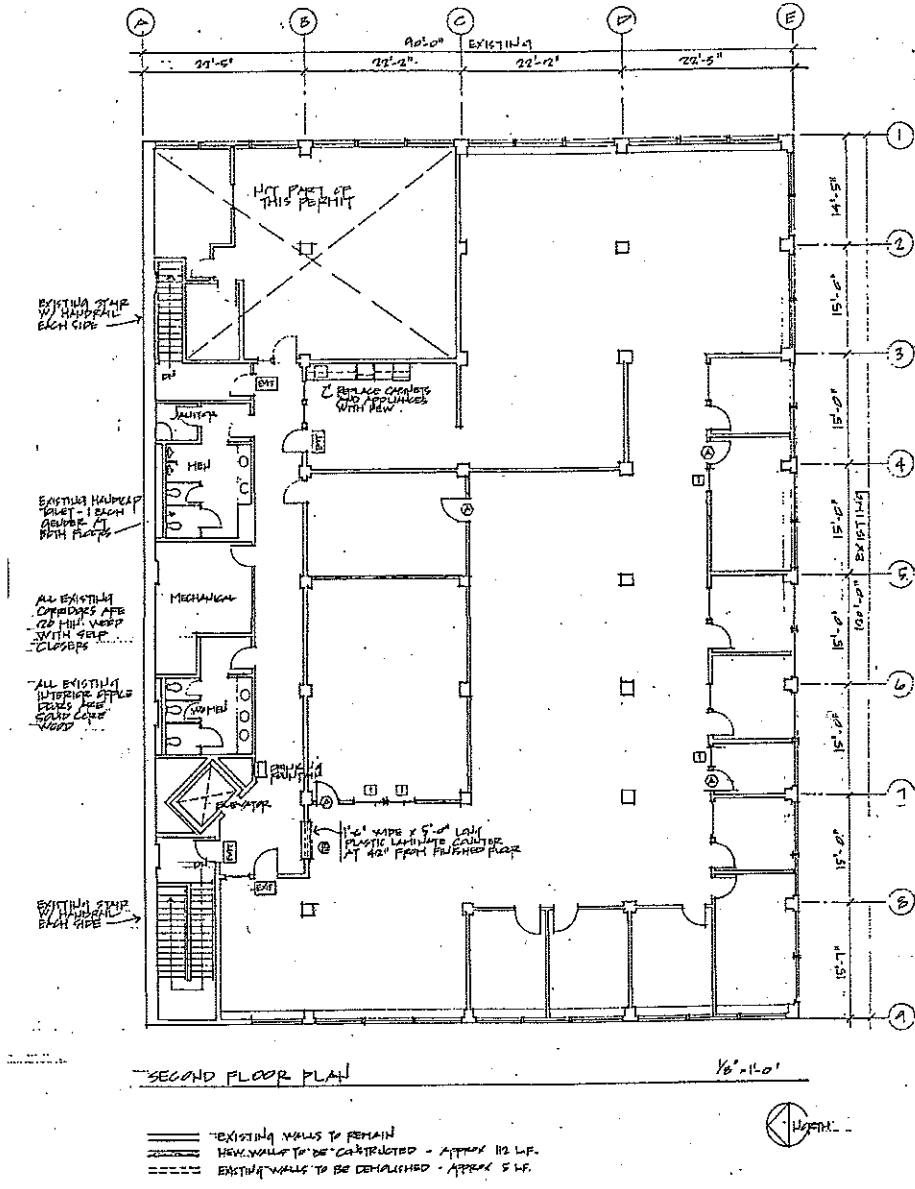
Garbage

Electrical

Heating/Ventilating/Air Conditioning

Janitorial

Attachment 2
 SCHEMATIC



**LEASE AMENDMENT NO. 1
(FIRE DEPARTMENT LEASE)**

THIS LEASE AMENDMENT NO. 1, dated for reference purposes June 30, 2003, is made and entered into by and between John Y. Sato & Victor M. Lochrer dba Main Street Associates, a partnership organized under the State of Washington ("Lessor"), and The City of Seattle, a municipal corporation of the State of Washington (the "City").

RECITALS

Lessor and the City entered into a written Lease, commencing on June 1, 1998, whereby the City leased from Lessor certain Premises consisting of approximately 8,382 rentable square feet of office space on the second floor of the Third & Main Building at 220 Third Av. S.

NOW THEREFORE, the parties agree to amend the Lease as follows:

1. Part A – Signature Form, the section of the Lease captioned "Premises" is deleted and replaced as follows:

The Lessor hereby leases to the City, and the City hereby leases from the Lessor approximately 9,462 rentable square feet of office space located on the second floor of that certain real property commonly known as 220 Third Avenue South, in Seattle, King County, Washington, that may be further described as follows:

The south half of Lot 3 and all of Lot 4, Block 18, Town of Seattle, as laid out by D.S. Maynard and commonly known as Maynard's Plat of Seattle, according to the plat recorded in Volume 1 of Plats, page 23, in Seattle, King County, Washington

as indicated on Exhibit "A" to this Lease Amendment – Schematic (hereinafter referred to as the "Premises").

2. The effective date of this Lease Amendment No. 1 shall be June 1, 2003 and expires on May 31, 2008, unless terminated early pursuant to provisions hereof.

3. In consideration of this Lease Amendment No. 1 and the Lessor's performance of all covenants and agreements contained herein, the City shall pay rent to the Lessor for said premises at the monthly rental rate of Twelve Thousand Seven Hundred Eighteen and 51/100 Dollars (\$12,718.51). Rent shall continue to be paid on the first day of each month.

Except as set forth in this Lease Amendment No. 1, all the provisions of the Lease shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF the parties have executed this Amendment on the dates set forth under their respective signatures.

City:

The City of Seattle, a Municipal Corporation of the State of Washington

By: John Franklin
John Franklin, Director
Fleets & Facilities Department
Date: 7-13-03

Lessor:

Main Street Associates: John Y. Sato & Victor M. Lochrer

By: John Y. Sato
John Y. Sato, General Partner

Date: 7/1/03

By: Victor M. Lochrer
Victor M. Lochrer, General Partner

Date: 7/1/03

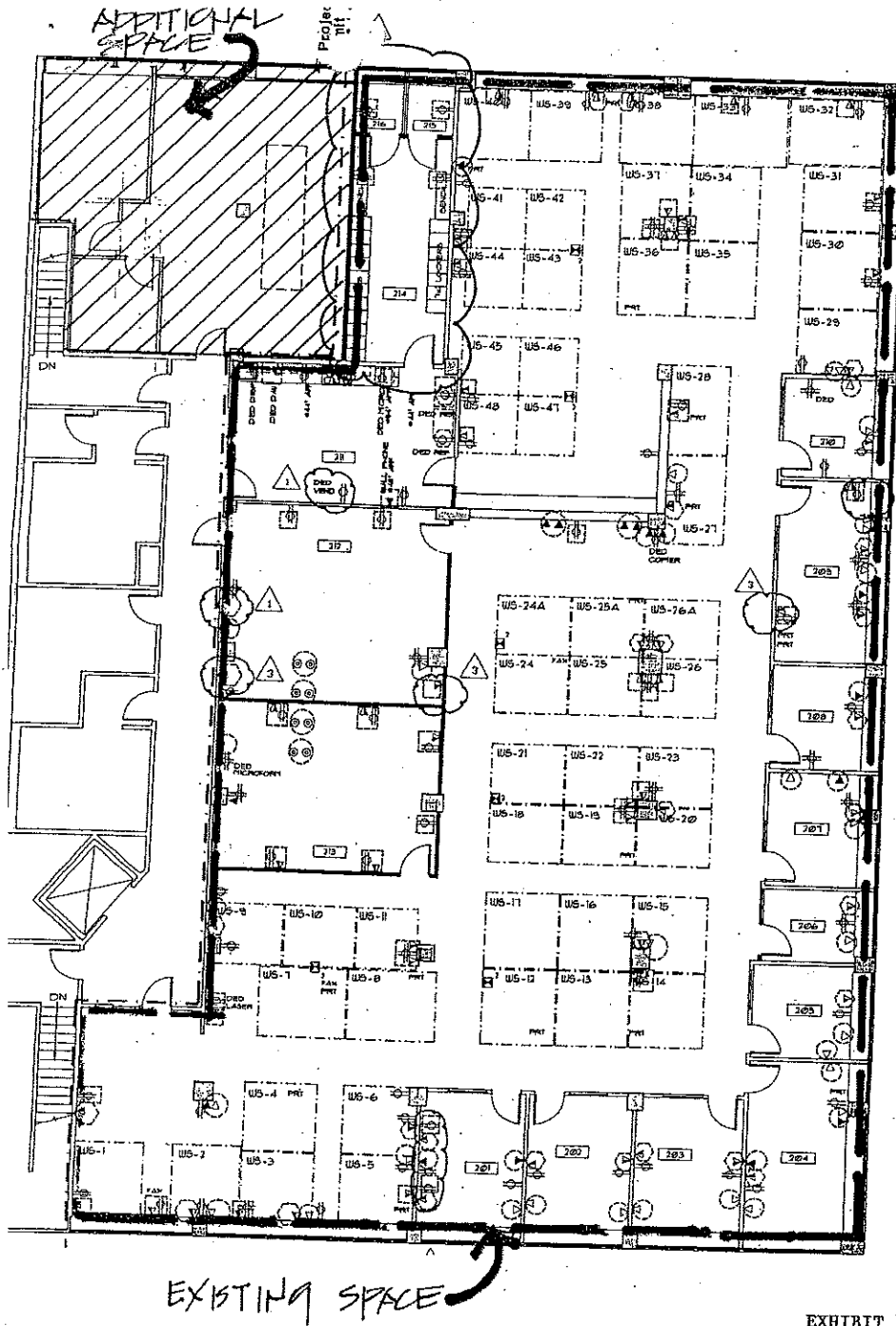
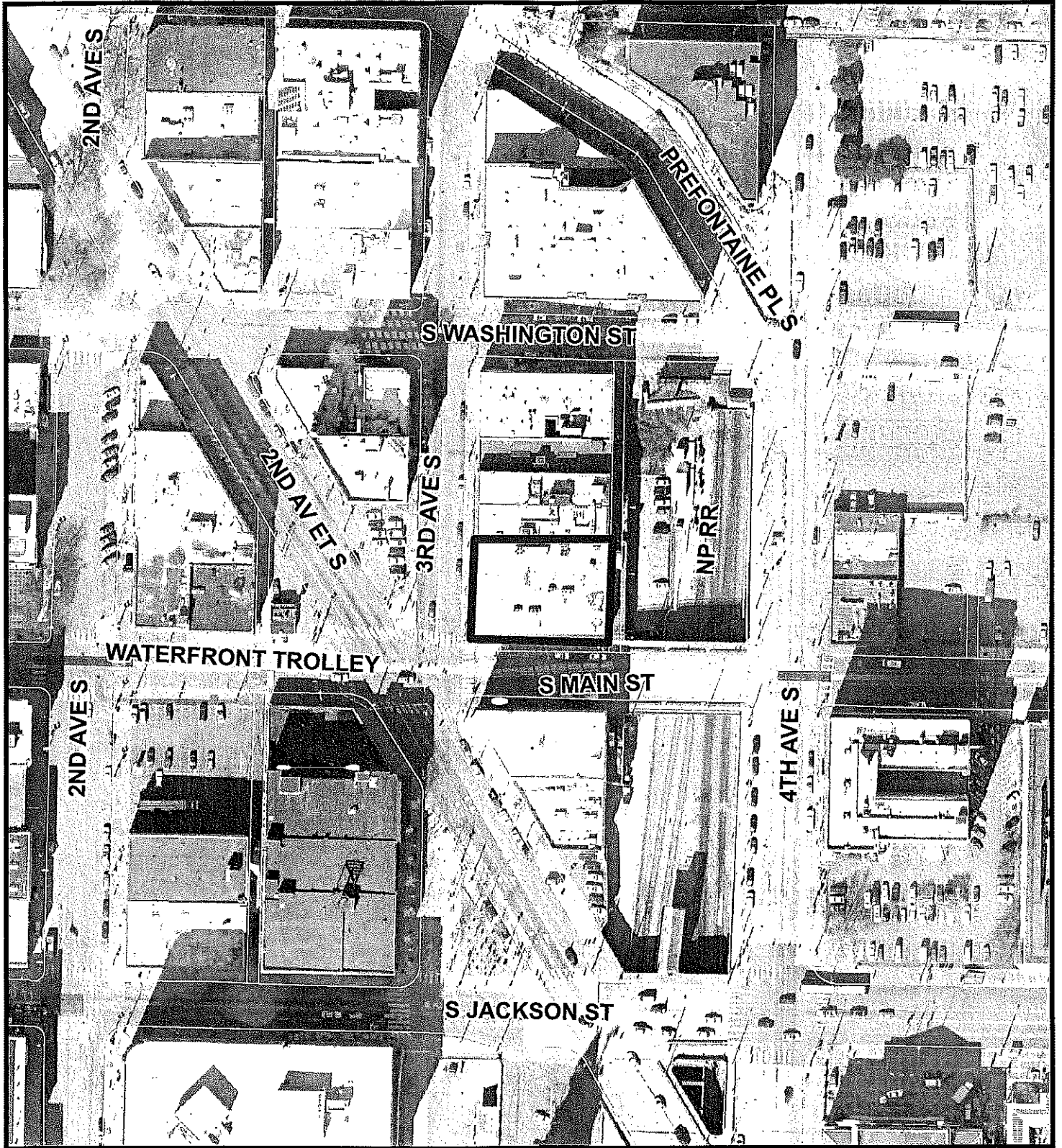
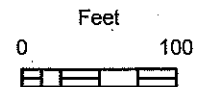


EXHIBIT "A"
TO LEASE AMENDMENT NO. 1.



City of Seattle
Fire Department

Fire Marshal Office Lease
220 Third Avenue South



FAS Facility Operations Division
WCraven February 2013
All rights reserved. No guarantee of any sort is implied,
including accuracy, completeness, of fitness for use.



City of Seattle
Office of the Mayor

September 3, 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 authorizing the Director of Finance and Administrative Services (FAS) to execute a lease amendment with PTL Property LP, to extend the term of the Seattle Fire Department's (SFD) lease at 220 Third Avenue South for an additional five years, plus one five year option to extend. The City has the right to terminate the lease during the extended term with a 12 month notice to the landlord.

This lease provides over 9,000 square feet of office space for the Fire Marshal's Office and has been in effect since 1998. The property is located halfway between the new Fire Station 10 and SFD Headquarters at the old Fire Station 10. Legislation is required to renew the lease because the size of the space exceeds FAS' statutory authority for leasing without the Council's approval.

As suitable space in City-owned buildings will not be available for the foreseeable future, the lease amendment authorized by this legislation will provide the SFD Fire Marshal's Office with the space it needs to carry out its operational obligations. Should you have questions, please contact Bill Craven at 733-9238.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael McGinn".

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council