

CF-267721

EXECUTED AGREEMENT BETWEEN STATE OF WA., CITY OF
SEATTLE & RICHARD C. HEDREEN FOR DEVELOPMENT OF THE
FREEMWAY PARK OVER & ACROSS THE SEATTLE FREEMWAY, &
ADJACENT PROPERTY IN VICINITY OF SENECA ST., AUTH.
BY ORD. 98854.

(GENERAL)

COMPTROLLER FILE NUMBER 267721

EXECUTED AGREEMENT
OF

STATE OF WASH., CITY OF SEATTLE AND
RICHARD C. HEDREEN FOR DEVELOPMENT OF
THE FREEWAY PARK OVER AND ACROSS THE
SEATTLE FREEWAY, AND ADJACENT PROPERTY
IN THE VICINITY OF SENECA STREET,
AUTHORIZED BY ORD. 98854.

FILED AUGUST 19, 1970

C. G. ERLANDSON
COMPTROLLER AND CITY CLERK

BY [Signature] DEPUTY

ACTION OF THE COUNCIL

REFERRED	TO
REFERRED	TO
REFERRED	TO
REPORTED	DISPOSITION
RE-REFERRED	TO
REPORTED	DISPOSITION

REPORT OF COMMITTEE

M: President:

Your

Committee

to which was referred the within

would respectfully report that we have considered the same and respectfully recommend that

CHAIRMAN

CHAIRMAN

(GENERAL)

COMPTROLLER FILE NUMBER 267721

EXECUTED AGREEMENT
OF

STATE OF WASH., CITY OF SEATTLE AND
RICHARD C. HEDREEN FOR DEVELOPMENT OF
THE FREEMAN PARK OVER AND ACROSS THE
SEATTLE FREEWAY, AND ADJACENT PROPERTY
IN THE VICINITY OF SEMEGA STREET,
AUTHORIZED BY ORD. 98854.

FILED August 19, 1970

C. G. ERLANDSON
COMPTROLLER AND CITY CLERK

BY [Signature] DEPUTY

ACTION OF THE COUNCIL

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REPORT OF COMMITTEE

Mr. President:

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CHAIRMAN

CHAIRMAN

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SEATTLE-FIRST NATIONAL BANK

TRUSTS AND ESTATES
REAL ESTATE SECTION

WILLIAM N. POTTER
Trust Real Estate Officer

June 17, 1970

Mr. Wallace M. Foster,
Assistant Director
Washington State Department of Highways
Highways-Licenses Building
Olympia, Washington 98501

Mr. Richard Burrows,
Assistant to the Mayor
City of Seattle
12th Floor Municipal Building
Seattle, Washington 98104

RE: Agreements between the State,
City and Richard C. Hedreen

Gentlemen:

With this letter we are sending to each of you fully executed original counterparts of the following documents:

1. An Agreement dated June 17, 1970, by and between the State of Washington acting by and through its Department of Highways, the City of Seattle and Richard C. Hedreen to which exhibits A (Schematic Plan), B (Map), C (conformed License) and D (conformed Lease) are attached;
2. A Lease dated June 17, 1970, between the State of Washington, acting by and through its Department of Highways, as lessor and Seattle-First National Bank, as trustee, as lessee;
3. A License (for park purposes) dated June 17, 1970, executed by Seattle-First National Bank, as trustee, Iphegenia G. Diafos, Milton Diafos, and Richard C. Hedreen, in favor of the State of Washington, acting by and through the Department of Highways.

On June 17, 1970, the lease, item 2 above, was recorded with the Auditor of King County, under receiving number 6662592, and the license, item 3 above, under receiving number 6662595.

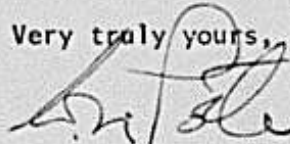
Mr. Wallace M. Foster
Mr. Richard Burrows

-2-

June 17, 1970

As you will remember, the documents referred to above contemplate that Seattle-First National Bank, as trustee, and the Diafosos will lease certain privately owned property and the property leased from the State to Richard C. Hedreen. Such leases have been made, and memorandums thereof dated June 17, 1970, have been recorded with the Auditor of King County on June 17, 1970, under receiving numbers 6662593 (Seattle-First) and 6662594 (Diafos). Copies of those memorandums of leases are also enclosed.

Very truly yours,



W. N. POTTER
Trust Real Estate Officer

WNP/tv
Enclosures

- cc: 1. Paul P. Ashley
2. Chester C. Adair
3. Richard C. Hedreen
4. Walter J. Reseburg, Jr.
5. Thomas R. Garlington

4-15-70
Revised 4-29-70

A G R E E M E N T

In consideration of the mutual covenants of the parties and other valuable consideration, this agreement is made this 17th day of June, 1970 by and between the State of Washington acting by and through its Department of Highways (hereinafter called the "State"), the City of Seattle (hereinafter called the "City") and Richard C. Hedreen (hereinafter called "Hedreen").

R E C I T A L S

Under this agreement the parties will participate cooperatively in a development which makes maximum utilization of freeway right-of-way and adjacent properties so as to attain the greatest benefit for the community without impairment of the full use or safety of the highway. When completed, the development will result in the total project generally depicted on Exhibit B of this agreement and will produce the following reciprocal benefits: (i) improve pedestrian access across the Seattle Freeway and adjacent streets in the vicinity of Seneca Street and University Street in the City of Seattle; (ii) separate pedestrian and vehicular movement to achieve maximum vehicular and pedestrian safety and free traffic flow in the vicinity of the Seneca Street and University Street ramps of the Freeway; (iii) make the Freeway more compatible with adjacent public and private land uses; (iv) develop a substantial connected public open space available for pedestrian passage, for the preservation of light and air and for public rest and recreation and for enjoyment as a place of beauty in a dense urban environment; (v) construct needed public and private parking facilities adjacent to the Freeway

and consistent with the City's comprehensive land use plan; (vi) construct, partially at private expense, pedestrian bridges spanning Sixth Avenue and University Street to extend pedestrian access to and from the freeway crossing; (vii) assure private funding of a portion of the cost of development and maintenance of public plaza areas; (viii) suppress the traffic noise of the Seattle Freeway for a substantial adjacent area; (ix) make Hedreen's private office building development, with its high taxable value, both feasible and compatible with the adjacent public developments herein contemplated; and (x) preclude above-ground construction on the south portion of the Block east of Sixth Avenue between Seneca Street and University Street so as to maintain the light, air and visibility available to the Seneca Street off-ramp of the Seattle Freeway and assure adequate set-back from that off-ramp.

1. Ultimate Development. The parties hereby commit themselves to the development in stages of an ultimate project, hereinafter called the "Total Project", as generally outlined on Exhibit B of this Agreement, including the following elements: (i) the immediate development of the office building and underground parking facility described in paragraphs 3 and 4 below, and hereinafter called respectively the "Building" and the "Garage"; (ii) the concurrent development of the public park-pedestrian plaza west of the Seattle Freeway designated on Exhibit B as and hereinafter called the "West Plaza"; (iii) the major pedestrian bridge crossing of the Seattle Freeway in the vicinity of University Street and Seneca Street all designated on Exhibit B as and hereinafter called the "Freeway Bridge"; (iv) the pedestrian bridge crossing of Sixth Avenue between University Street and Seneca Street or the alternate pedestrian bridge crossing of University Street between Sixth Avenue and Seventh Avenue, to be built subject to the approval of other property owners in accordance with paragraph 9 hereof;

(v) the parking structures east of the Seattle Freeway easterly frontage road with public park-pedestrian plaza development of the top deck thereof designated on Exhibit B as and hereinafter called the "East Parking Plaza." The parties contemplate that all elements of the total park-plaza-pedestrian bridges-parking garages and office building complex will result in an integrated whole approximately as depicted in the preliminary and schematic sketch on Exhibit B, and agree to work cooperatively in developing the Total Project, to appoint their respective members of the Design Team hereinafter described, to complete design plans and specifications as promptly as possible, to make and assist with appropriate applications for such federal participation as may be available, and each to complete such portions of the Total Project as are their particular responsibilities and to pay the elements of cost respectively allocated to them.

2. Exchange of Property Interests. In order to make the several pedestrian bridges and Hedreen's Building and Garage feasible, it is necessary that there be an exchange of property interests by instruments executed contemporaneously herewith as follows:

(a) A license for public park and plaza use and pedestrian passage to be executed in the form of Exhibit C attached hereto and to be delivered to the State;

(b) A long-term lease in favor of Seattle-First National Bank as Lessee, to be executed in the form of Exhibit D attached hereto, and to be delivered to Hedreen.

The aforesaid exchange of property interests shall be unconditional, and neither the aforesaid license nor the aforesaid long-term lease

shall depend upon this agreement for its validity or enforceability or be subject to being set aside or terminated should this agreement not be fully carried out by the parties. The foregoing sentence does not affect the rights of the State to terminate the long-term lease in accordance with its terms.

3. The Immediate Development of Building and Garage.

Hedreen shall, within the time limits prescribed in Exhibit D hereto, complete construction of the Building, an office building of approximately 264,000 square feet of rentable space to be located entirely within the area designated and described on Exhibit A as and hereinafter called the "Building Site." In conjunction with the Building and within the same time limits, Hedreen shall also complete the Garage, a below grade parking garage of approximately 200 car capacity to be located entirely within the Building Site and the area designated on Exhibit A as and hereinafter called the "Garage Site".

4. Conditions of Development of Building and Garage.

a) Hedreen will pay all costs of acquiring the privately owned land for, and constructing and installing, the Building and the Garage. Further, and in addition to the foregoing requirements, the Building and Garage shall be designed and constructed consistent with the preliminary plans and drawings which the City and the State have approved contemporaneously herewith, with copies of the final plans and specifications for the Building and Garage to be delivered to the City Architects and the State Architects hereinafter mentioned before construction is begun, and, further, the design of, and work relating to, the sub-surface portions of the Building and Garage shall be subject to the approval of the State prior to construction in accordance with Exhibit D hereto, and the City Architects and the State Architects shall review and

approve final plans and specifications for the University Street and West Plaza levels of the Building and Garage. Nothing contained in this paragraph shall be construed as a waiver of compliance by Hedreen with all applicable general ordinances, codes, rules and regulations of the City which pertain to the design or construction of the Building and Garage.

b) That portion of the Garage which is located on the Garage Site shall be constructed with a concrete roof or top deck not higher than the elevation of abutting Seneca Street at its intersection with Sixth Avenue, and such deck or roof shall be capable of bearing static loads not less than 450 lbs. per square foot and shall have adequate water connections and electric utility outlets and adequate drainage facilities for the West Plaza development.

c) The University Street and West Plaza levels of the Building shall be completed by Hedreen in accordance with preliminary plans heretofore filed with the City and the State. Hedreen warrants that the preliminary plans for the Building show, and undertakes that the Building will be constructed and thereafter maintained with: (i) an open, public walkway or promenade at least 9 feet 4 inches wide from the inside of the exterior Building columns to the Building glass directly open and accessible to University Street along the north side of the Building at its University Street level; (ii) an open, public walkway or promenade at least 9 feet 4 inches wide from the inside of the exterior Building columns to the Building glass, open and accessible to the West Plaza along the south and east sides of the Building and on the southerly 72.17 feet of the west side of the Building with an open lobby area on the south side of the Building recessed an additional five feet, and (iii) at least a fifteen foot vertical elevation

from the floor to the ceiling between the overhead beams for the open, public walkway or promenade on the West Plaza floor of the Building and at least a twenty-seven foot vertical elevation from the floor to the ceiling between the overhead beams for the open, public walkway or promenade on the University Street floor of the Building. The Building shall be designed, and will be constructed, so as to support and accommodate the ultimate addition of pedestrian bridges crossing Sixth Avenue and crossing University Street as shown on Exhibit B.

5. Joint Design Team.

a) Hedreen has retained architects for the Building and the Garage (hereinafter called "Building Architects"). The State shall within 60 days from the date hereof appoint the architects and engineers (hereinafter called "State Architects"), who shall be acceptable to the Mayor of the City, for those portions of the Total Project which are located over or upon the right-of-way of the Seattle Freeway or the easterly frontage road. The City shall within 60 days from the date hereof appoint landscape architects (hereinafter called "City Architects") to be associated with the two primary architects in developing an integrated landscaping and surface treatment for the public park-Freeway Bridge-plaza surfaces of the Total Project. The City also agrees, if possible, to appoint and use the State Architects for the development of the parking structures it undertakes to build east of the Seattle Freeway easterly frontage road, which shall be connected to and continuous with the Freeway Bridge to be constructed by the State.

b) Hedreen shall pay the Building Architects and such proportion of the fee of the City Architects as the area of the

Garage Site and of that portion of the West Plaza adjacent to and lying north of the north line of the Building Site bears to the total surface area of the plaza for which such architects shall participate in landscape design work. The City shall pay the balance of the City Architects' fees and that portion of the fees of the State Architects which is applicable to work performed on the East Parking Plaza garage structures and to work performed on the design of surface areas, as distinguished from architectural design of structures, of the Total Project.

c) It is contemplated that the Building Architects, the State Architects and the City Architects will work as a team (hereinafter called the "Design Team") to develop the Total Project in such manner that the garages and the Building are compatible with the public park, plaza and pedestrian bridge portions of the Total Project.

d) The plans and specifications for all portions of the Total Project (except the Building, the Garage exclusive of the West Plaza treatment of its surface, the elements of the Freeway Bridge financed by the State, and federal Interstate Highway requirements) shall be subject to review by the City Design Commission.

6. West Plaza Development.

a) As soon as its members are appointed, the Design Team will prepare plans and specifications for the development of the surface of the West Plaza, including that portion thereof located above the Garage Site. Such plans and specifications shall be prepared by the Design Team and reviewed by the City Design Commission in such reasonable time as will allow Hedreen to complete the Garage in an orderly manner. The surface of the West Plaza shall be developed

in accordance with such plans by a contractor employed by Hedreen, and acceptable to the Mayor of the City and the State, as to the work described in paragraph b) below, and by a contractor employed by the City (the contractor who was employed by Hedreen or another contractor acceptable to the State) as to the work described in paragraph c) below. Costs shall be allocated and borne as provided in said paragraphs b) and c).

b) Hedreen shall pay all costs of completing that portion of the West Plaza located on the top deck surface of the Garage and on the area adjacent to and lying north of the north line of the Building Site, including all costs of landscaping, plant materials and trees, planters, walks, steps, walls and pools thereon. In addition, Hedreen shall pay all costs of all above- and below-ground construction work, both temporary and permanent, required in areas of the West Plaza outside the Building Site, the Garage Site and the area north of the north line of the Building Site to establish and hold the surfaces of those areas at the grades therefor finally approved by the State and the Mayor of the City of Seattle, acting with the advice of the State Architects and City Architects, or the grades required to give full pedestrian accessibility to the West Plaza from Sixth Avenue, Seneca Street and University Street. To the extent that it is permissible to do so, Seattle-First National Bank, its successors and assigns, shall be entitled to credit amounts expended by Hedreen under the preceding sentence for work done outside of the Building Site, the Garage Site and the area north of the Building Site against the rents due to the State as Lessor under paragraph 2 of the Lease, Exhibit D hereto. The amount of the aforesaid credit against

rents shall be based upon Hedreen's actual, direct costs for such work, and Hedreen shall, on completion of such work, submit to the State a verified statement of such costs with supporting receipts and vouchers.

c) The City shall pay all costs of the surface development of the West Plaza not to be paid by Hedreen under paragraph b) above, and shall also pay the costs of acquiring and installing on the surface of the West Plaza any works of fine art which the City may specify and the Design Team approve. This public park-pedestrian plaza development by the City shall be constructed in conjunction with, and shall form a continuation of, the development by Hedreen of similar plaza surface areas so that a single, integrated public park-pedestrian plaza area shall be created covering the entire surface of the West Plaza.

7. Freeway Bridge.

a) The State shall design with the advice of the State Architects, and the State shall construct, develop and pay for, the Freeway Bridge structures as contemplated on Exhibit B, including any related highway lighting and signing and modifications of existing structures, lighting and signing in the Freeway right-of-way. The Freeway Bridge shall be so designed and built that the surface of the portions thereof adjacent to the West Plaza and the East Parking Plaza will meet the respective surfaces of such plazas so as to form a continuous pedestrian crossing from Sixth Avenue to Ninth Avenue constructed to support a surface development harmonious with the developments on the adjacent plazas and capable of being maintained and kept up jointly therewith. The State also agrees to investigate the desirability and feasibility of the development shown on Exhibit

B as "possible future construction."

b) The City, and Hedreen to the extent necessary, will cooperate with the State in obtaining federal approvals of the design and construction of the Freeway Bridge and also in applying for federal participation in the cost thereof.

c) The City shall develop, maintain and use for public plaza purposes the surface of the Freeway Bridge and that portion of the surface of the Freeway right-of-way located within the West Plaza and lying outside of the Building Site or the Garage Site, and shall permit Hedreen to develop and maintain for public plaza purposes the portion of the Freeway right-of-way within the West Plaza north of the north line of the Building Site, which portion is ten feet wide. The State agrees to issue to the City and Hedreen all permits necessary for the development, maintenance and use of the surface of the Freeway Bridge, those portions of the Freeway right-of-way within the West Plaza but outside of the Building Site or the Garage Site, and the top surface of the Garage Site.

8. East Parking Plaza.

a) The City shall employ the State Architects to prepare plans and specifications for the East Parking Plaza as generally outlined on Exhibit B so that the East Parking Plaza may be developed contemporaneously with the development of the Freeway Bridge. The City shall acquire and develop the East Parking Plaza and pay the cost thereof. The surface of the East Parking Plaza shall be connected to the surface of the Freeway Bridge and shall be landscaped and developed in accordance with plans and specifications prepared by the Design Team.

b) The State and the City shall cooperate in investigating the need for, and the consequences of, a vehicular connection to Eighth Avenue from the East Parking Plaza garage. If acceptable to both the cooperating parties, this connection will become an

element of the East Parking Plaza development as defined elsewhere in this Agreement.

9. Pedestrian Bridges.

a) Hedreen shall, subject to approval being secured from the Plymouth Church, either construct at his own expense or pay to the City a sum equal to the cost of design and construction by the City of a pedestrian bridge across Sixth Avenue from the West Plaza level of the Building to the Plymouth Church. The Sixth Avenue bridge shall be designed by the Design Team and the design and plans shall be subject to the approval of the Plymouth Church prior to construction. If the Sixth Avenue bridge is not constructed by Hedreen at the time of construction of the Building, it may later be constructed by the City substantially in accordance with such design or an alternative pedestrian-bridge may be designed and constructed by the City across University Street between Sixth Avenue and Seventh Avenue east of the Building. The City shall determine the extent of the construction which may be charged to either bridge project herein contemplated and paid by Hedreen under this paragraph, but the maximum liability of Hedreen therefor shall be \$150,000 and any substantial change in the design or the location of the Sixth Avenue bridge shall be approved by Hedreen. If the City shall fail to accomplish construction of either bridge within ten years of the date of this agreement, Hedreen's obligation to pay any amount under this paragraph, other than actual design costs incurred within said ten year period, shall thereupon terminate.

b) The City and Hedreen will in good faith attempt to secure the consent of the Plymouth Church and/or the owner or owners of the property north of University Street to the construction of

the pedestrian bridges above described. The City shall pay or cause to be paid any costs of any such bridge or bridges over and above the contribution of Hedreen referred to above.

10. Maintenance.

a) Hedreen shall maintain the structural elements of the Garage and the top deck thereof in good condition and repair at all times and pay the cost thereof. Hedreen shall also maintain, and pay the cost of maintaining, those portions of the surface of the West Plaza which are located on the Garage Site and the Building Site and land adjacent to and lying north of the north line of the Building Site, except works of fine art furnished by the City, in a clean and attractive manner comparable to the condition of the surface of the remainder of the Total Project as maintained by the City. If the City shall elect to perform the maintenance of such surface, the cost thereof shall be reimbursed by Hedreen to the City by prorating on a square foot basis the cost incurred by the City for maintenance of such surface and the total cost incurred for maintenance of the entire contiguous public plaza area then maintained by the City. Such reimbursement shall be made by Hedreen within 30 days following receipt of billing by the City. Hedreen's obligations under this paragraph and paragraph 10 b) below shall continue so long as his leases (which have initial terms in excess of fifty years) of the Building and Garage Sites are outstanding.

b) In addition to the maintenance obligations undertaken in paragraph 10 a) above, Hedreen agrees to pay to the City each year, the actual cost of the City's seasonal acquisition and placement on the West Plaza and the Freeway Bridge of flowers or plants which bloom in season. Hedreen's total liability under this paragraph

shall not exceed \$10,000 per year and such items shall not be deemed a cost of maintenance for proration under paragraph 10 a) above. Such payment shall be made by Hedreen within 30 days following receipt of billing from the City.

c) The State shall maintain the Freeway Bridge structure, including Freeway lighting and signing appurtenant thereto.

d) The City shall maintain all portions of the Total Project not maintained by Hedreen or the State, including but not limited to portions of the West Plaza not maintained by Hedreen, the East Parking Plaza, and walks, steps, pools and plantings on the surface of the Freeway Bridge, and including repair of any water leakage through the Freeway Bridge surface caused by any activities under the control of the City.

e) The West Plaza shall be deemed to be a public place and the City may enter same and shall provide police protection for same and other public park and plaza areas of the Total Project to an extent comparable to that provided for other public parks of the City.

11. Public Liability. Each party shall be responsible for any public liability caused by the construction which such party performs. The City shall be responsible for any public liability arising after construction from the maintenance and use of all surface areas of the Total Project used for public foot passage and recreation outside of the Building and the Garage. Hedreen shall be responsible for, and hold the City and the State harmless as to, any public liability arising from the maintenance or the public use of the Garage and the Building, including the West Plaza floor promenade and the University floor promenade of the Building. The City shall

hold the State harmless from any liability arising out of the maintenance or public use of the surface of the Freeway Bridge or any other portions of the State Highway right-of-way used by the City pursuant to this Agreement. The City shall further hold the State harmless from any liability arising out of the location, design and construction of the East Parking Plaza. Hedreen shall protect all existing State Highway walls, caissons, columns and structures and shall perform the construction of the portions of the Building and the Garage which may be located on Highway right-of-way lease areas in such manner as the State may require. Hedreen shall save the State harmless from the payment of any and all taxes, assessments and claims for damages or injury arising out of the use of the State Highway right-of-way lease area described in Exhibit D.

12. Notices. Wherever in this agreement notices or billings are required to be given or made, they may be made by first class mail postage prepaid and addressed to the parties at the following addresses, unless a different address shall be designated in writing and delivered to all parties: The Mayor of the City of Seattle, Seattle Municipal Building, Seattle, Washington 98104; Director of Highways, State of Washington, Department of Highways, Highway-license Building, Olympia, Washington 98501; Richard C. Hedreen, 1310 Ward Street, Seattle, Washington 98119.

13. Mortgagee's Rights. The parties recognize that in order for Hedreen to construct the Building and Garage as required by Paragraphs 3 and 4, Hedreen must obtain financing secured by a mortgage or mortgages on the leasehold estates of the "Building Site" and the "Garage Site", wherein Seattle-First National Bank as Trustee,

and Iphegenia G. Diafos and Milton Diafos will be the ground lessors. Part of the Seattle-First National Bank leasehold estate to be mortgaged will include a subleasehold estate in the premises described in Exhibit D. The holder, successor or assign of any such mortgage given in good faith and for value, whether an original mortgage or subsequent refinancing thereof, and the purchaser at a sheriff's sale held thereunder, each shall be designated "the Mortgagee".

a) The City and the State agree to certify promptly to the Mortgagee from time to time in response to the Mortgagee's requests, what portions of Hedreen's obligations hereunder are satisfactorily completed or being completed or being timely performed (including, without limiting the generality of the foregoing, Hedreen's maintenance and payment obligations under Paragraph 10 hereof), as the case may be, and what portions, if any, of said obligations are believed not to be satisfactorily completed or being completed or being timely performed.

b) If the City and the State have been advised in writing of the existence of such Mortgagee, the City and the State agree to notify such Mortgagee of any default or failure to perform by Hedreen under this agreement and agree not to terminate this agreement or bring suit thereon if the same be cured within thirty (30) days from the date of notice, if susceptible of cure by payment of money alone, and if not so susceptible, for such longer period as may reasonably be necessary, if curing is being prosecuted with due diligence.

c) The Mortgagee will not be considered a successor or assign of Hedreen or otherwise be liable under or obliged to perform this agreement as a consequence of taking a security interest in this agreement or the subleasehold estate in the premises described

in Exhibit D, or upon realizing upon its security, but may obtain the benefits of this agreement and the lease, Exhibit D, by performing Hedreen's obligations hereunder (including the obligations to the City under Paragraph 10 hereof). If, prior to completion of the Building and Garage pursuant to Paragraphs 3 and 4, the Mortgagee elects to perform Hedreen's obligations hereunder, it shall be bound to complete the Building and Garage as required by Paragraphs 3 and 4, but will thereafter be relieved of future liability hereunder and under the lease of the premises described in Exhibit D upon transfer or conveyance of its interest only if the transferee assumes Hedreen's obligations (including the obligations to the City under Paragraph 10 hereof) and under such lease.

14. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the heirs, administrators, executors, successors and assigns of the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CITY OF SEATTLE

By

Wes Uhlman
WES UHLMAN, Mayor

Attest:

C. G. Erlandson
C. G. Erlandson
City Comptroller

Approved as to form
May 1, 1970.

STATE OF WASHINGTON DEPARTMENT OF
HIGHWAYS

By

Thomas R. Garlington
Assistant Attorney General
of the State of Washington

By

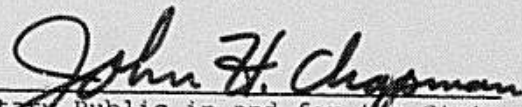
George H. Andrews
George H. Andrews, Director

Richard C. Hedreen
Richard C. Hedreen

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

THIS IS TO CERTIFY that on this 28th day of May, 1970, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared GEORGE H. ANDREWS, Director of Highways, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged to me that he signed and sealed the said instrument as his free and voluntary act and deed as Director of Highways, for the uses and purposes therein mentioned.

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


Notary Public in and for the State
of Washington, residing at Olympia

STATE OF WASHINGTON)
)
COUNTY OF KING)

THIS IS TO CERTIFY that on this 25th day of May, 1970, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared WES UHLMAN and C. G. ERLANDSON, to me personally known to be the Mayor and City Comptroller, respectively, of THE CITY OF SEATTLE, the municipal corporation that executed the foregoing instrument, and acknowledged to me that they signed and sealed the same as the free and voluntary act and deed of said municipal corporation, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the seal of said municipal corporation.

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

John H. Chapman
Notary Public in and for the State of
Washington, residing at Seattle

STATE OF WASHINGTON)) ss.
COUNTY OF KING)

This is to certify that on this 17th day of June,
1970, before me, a Notary Public in and for the State of Washington,
duly commissioned and sworn, personally appeared RICHARD C. HEDREEN,
to me known to be the individual described in and who executed the
within and foregoing instrument, and acknowledged to me that he
signed and sealed the said instrument as his free and voluntary
act and deed, for the uses and purposes therein mentioned.

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

John H. Chapman
Notary Public in and for the State of
Washington, residing at Seattle

Recorded
King County
Auditor
JUNE 17, 1970
Receiving # 6662592
MC

LEASE

THIS LEASE, made and entered into this 17th day of June in the year one thousand nine hundred and seventy, by and between THE STATE OF WASHINGTON, acting by and through the Department of Highways, as Lessor, and SEATTLE-FIRST NATIONAL BANK, a national banking association, as trustee under the will of Bessie A. Stubbs, deceased, and as trustee under the will of Cora May Poncin, deceased, as Lessee.

RECITALS

- A. This is a lease of three parcels of highway lands within the right-of-way of the Seattle Freeway, which in the opinion of Lessor are not needed for highway purposes;
- B. The Lessee had committed to lease its private property west of the highway lands leased hereby to Richard C. Hedreen of Seattle, Washington (hereinafter sometimes called "Hedreen") who had agreed that he would construct an office building and garage on its property and adjacent private property;
- C. The development originally contemplated by Hedreen would preclude or substantially impair the pedestrian bridges, parking plaza and public park project now being planned by Lessor and the City of Seattle for the same area and the adjacent Seattle Freeway right-of-way;
- D. In order that both the public and private developments may be made feasible, (i) Lessee and Hedreen have agreed to relocate the office building and garage, (ii) Lessor has agreed to lease to Lessee (and Lessee has agreed to sublease to Hedreen) the highway lands hereinafter described which are necessary for the relocated office building, (iii) Hedreen has procured the execution of a

"License" of even date herewith, which grants to Lessor substantial property rights for the public development, and (iv) by an "Agreement" of even date herewith the Lessor, the City of Seattle and Hedreen have agreed upon plans for the design and construction of the pedestrian bridges, parking plaza and public park project and allocated and assumed responsibilities for completion of the several elements thereof;

E. This lease is an unconditional demise of real estate for an adequate and fair rental and is in no way dependent upon the aforesaid Agreement for its validity or enforceability nor subject to being set aside or terminated should said Agreement not be fully carried out or one or more of the improvements therein described not be constructed.

NOW, THEREFORE, in consideration of the rent herein reserved, the other agreements herein contained and other valuable consideration, the parties agree as follows:

1. The Property Leased. Lessor hereby leases to Lessee for a term of seventy-seven (77) years beginning June 17, 1970 and ending June 16, 2047, the following real property situated in the City of Seattle, King County, State of Washington, to-wit:

The air rights lying above elevation 138.07, Seattle Datum, and below elevation 199.36, Seattle Datum, as to the tract described as follows:

Commencing at the most southerly corner of Block 62 of Addition to the Town of Seattle, as laid out by A. A. Denny (Commonly known as A. A. Denny's Fifth Addition to the City of Seattle), according to plat thereof recorded in volume 1 of Plats, page 89, records of King County, Washington; thence north 30°37'20" west along the westerly line of said Block 62, a distance of 118.67 feet; thence north 59°22'40" east 109.87 feet to the true point of beginning; thence North 59°22'40" east 32.16 feet; thence South 7°48'16" east 128.75 feet to the south line

of said Block 62; thence south $59^{\circ}23'00''$ west along said south line 23.94 feet to a point on a curve concave to the east having a radius of 2039.86 feet, a radial at said point bearing north $76^{\circ}58'34''$ east; thence northerly along said curve 125.80 feet to the true point of beginning.

TOGETHER WITH the temporary right by Hedreen and Lessee and their successors, assigns, contractors, sub-contractors, material men and workmen to enter upon space over the real property above described upward from elevation 199.36, Seattle Datum with their equipment for the purpose of constructing the underground parking facility described in paragraph 3 hereof, and doing all work incidental thereto, and together with the right to enter upon said space from time to time for the purpose of keeping up, maintaining, repairing and reconstructing the roof or top deck and other elements and facilities of said underground parking facility; provided, however, that after each such entry, Hedreen or Lessee shall restore the real property above described and the improvements thereon to their condition immediately prior to such entry.

AND ALSO all the right, title and interest of Lessor in two tracts described as follows: Commencing at the most southerly corner of Block 62 of Addition to the Town of Seattle, as laid out by A. A. Denny (commonly known as A. A. Denny's Fifth Addition to the City of Seattle), according to plat thereof recorded in volume 1 of Plats, page 89, records of King County, Washington; then north $30^{\circ}37'20''$ west along the westerly line of said Block 62, a distance of 118.67 feet; thence north $59^{\circ}22'40''$ east 109.87 feet to the true point of beginning, said point being on a 2039.86 foot radius curve concave to the east, a radial at said point bearing north $80^{\circ}30'35''$ east; thence northerly along said curve 1.41 feet; thence north $59^{\circ}22'44''$ east 32.21 feet to a point on a 2009.86 foot radius curve concave to the east, a radial at said point bearing north $80^{\circ}52'52''$ east; thence northerly along said curve 69.80 feet; thence south $30^{\circ}37'20''$ east, 65.89 feet; thence south $59^{\circ}22'40''$ west 59.46 feet to the true point of beginning;

AND a second tract beginning at a point north $30^{\circ}37'20''$ west 20.44 feet from the most northerly

corner of the tract described immediately above; thence north 30°37'20" west 18.00 feet; thence south 59°22'40" west 110.70 feet; thence north 66°49'50" east 61.71 feet; thence south 88°36'55" east 18.87 feet; thence north 59°22'28" east 33.51 feet to the point of beginning;

which real property is sometimes hereinafter referred to as "the premises."

2. Rent. Rent for the premises shall be paid to Lessor on the first day of each calendar month during the entire term of this lease at the rate (subject to adjustment as hereinafter provided) of \$983.00 per month payable in lawful money of the United States at the address from time to time designated by Lessor in accordance with paragraph 11 hereof. The first rent adjustment, if made, shall apply to the rent due on and after January 1, 1985; the second rent adjustment, if made, shall apply to the rent due on and after January 1, 1995, and the rent adjustments thereafter, if made, shall apply to the rent due on and after the first day of January of the years 2005, 2015, 2025 and 2035. The adjustments of rent shall be made in the following manner:

- (a) Not less than 92 nor more than 120 days before a rent adjustment is first to take effect, the adjustment procedure shall be begun by Lessor notifying Lessee, or Lessee notifying Lessor, in writing of the appointment of a disinterested person to act as appraiser, such person to have at least ten years professional experience as an appraiser of commercial properties in King County, Washington. Within ten days after receipt of the written notice of such appointment, the other party or parties shall appoint as an appraiser a second disinterested person having the aforesaid qualifications, and the two appraisers so appointed shall appoint a third appraiser having those qualifications.
- (b) If neither Lessor nor Lessee names an appraiser on or before the first day

of October of the year immediately preceding one of the years hereinabove identified as a year when a rent adjustment may first apply, rent at the then current rate shall continue to be the rent until the next rent adjustment year or until the end of the lease term as the case may be.

- (c) If the two appraisers appointed by the parties are unable to agree on the third appraiser within ten days after the second appraiser is appointed, they shall so notify the parties in writing. If the parties fail to agree upon a third appraiser within ten days after receipt of such notice, then either party may apply to the Superior Court of the State of Washington for King County for the appointment of the third appraiser. If the first appraiser is appointed in accordance with this paragraph 2 but the other party fails to appoint a second appraiser, the first appraiser shall proceed to make the appraisal alone.
- (d) The three appraisers, or one appraiser, as the case may be, shall proceed without delay to make an appraisal of the premises in the manner hereinafter prescribed, and shall notify the parties in writing of their valuation, which shall be final and binding on the parties. If all three appraisers cannot agree, the valuation agreed to by two of them, or if no two appraisers can agree, the average of the valuations, shall be final and binding on the parties.
- (e) Each appraiser shall determine the value of the premises by appraising the premises and the adjoining privately owned portions of Lots 1, 2, 3, 4, 5 and 8 in the aforesaid Block 62 of A. A. Denny's Fifth Addition to the City of Seattle as a single unit at the price therefor which a willing buyer would then pay to a willing seller, neither being under any economic compulsion in an arm's-length transaction and deducting from the result so obtained the value determined by the appraisers in like manner for only the privately owned portions of Lots 1, 2, 3, 4, 5 and 8 in said Block 62. In making the foregoing appraisals, each appraiser shall make the following assumptions:
 - (i) that the premises and the privately owned portions of Lots 1, 2, 3, 4,

of October of the year immediately preceding one of the years hereinabove identified as a year when a rent adjustment may first apply, rent at the then current rate shall continue to be the rent until the next rent adjustment year or until the end of the lease term as the case may be.

- (c) If the two appraisers appointed by the parties are unable to agree on the third appraiser within ten days after the second appraiser is appointed, they shall so notify the parties in writing. If the parties fail to agree upon a third appraiser within ten days after receipt of such notice, then either party may apply to the Superior Court of the State of Washington for King County for the appointment of the third appraiser. If the first appraiser is appointed in accordance with this paragraph 2 but the other party fails to appoint a second appraiser, the first appraiser shall proceed to make the appraisal alone.
- (d) The three appraisers, or one appraiser, as the case may be, shall proceed without delay to make an appraisal of the premises in the manner hereinafter prescribed, and shall notify the parties in writing of their valuation, which shall be final and binding on the parties. If all three appraisers cannot agree, the valuation agreed to by two of them, or if no two appraisers can agree, the average of the valuations, shall be final and binding on the parties.
- (e) Each appraiser shall determine the value of the premises by appraising the premises and the adjoining privately owned portions of Lots 1, 2, 3, 4, 5 and 8 in the aforesaid Block 62 of A. A. Denny's Fifth Addition to the City of Seattle as a single unit at the price therefor which a willing buyer would then pay to a willing seller, neither being under any economic compulsion in an arm's-length transaction and deducting from the result so obtained the value determined by the appraisers in like manner for only the privately owned portions of Lots 1, 2, 3, 4, 5 and 8 in said Block 62. In making the foregoing appraisals, each appraiser shall make the following assumptions:
 - (i) that the premises and the privately owned portions of Lots 1, 2, 3, 4,

5 and 8 in said Block 62 are unimproved;

(ii) that neither this lease nor any other lease or sublease of the premises or the privately owned portions of Lots 1,2,3,4,5 and 8 in said Block 62 is outstanding.

- (f) The expenses of each appraisal conducted in accordance with the provisions of this paragraph shall be borne one-half by Lessor and one-half by Lessee.
- (g) After the appraisers have determined a valuation of the premises the adjusted rent shall be calculated as follows:

First: The rent to be paid each year shall be calculated at 8.4% of such appraised value of the premises; and

Second: The rent to be paid each month shall then be calculated by finding one-twelfth of 8.4% of the appraised value of the premises.

- (h) Regardless of appraisal results, the amounts of rent to be paid to Lessor each month as a consequence of adjustments to such rent made in accordance with this paragraph shall not be less than \$983.00 nor be in excess of the following:

Jan. 1, 1985 through Dec. 31, 1994	-	\$1,228.75
Jan. 1, 1995 through Dec. 31, 2004	-	1,474.50
Jan. 1, 2005 through Dec. 31, 2014	-	1,843.12
Jan. 1, 2015 through Dec. 31, 2024	-	2,211.75
Jan. 1, 2025 through Dec. 31, 2034	-	2,580.38
Jan. 1, 2035 to end of lease term	-	2,949.00

Whenever there is a delay in the determination of the amount of rent to be paid to Lessor following a rent adjustment, such adjustment shall be retroactive to the effective date therefor stated in this paragraph 2. Any accrued deficiency in rent shall be due and payable forthwith upon such determination.

3. Use of Premises. The premises shall be used for construction thereon of a multiple story office building and underground parking facility and the foundations and footings therefor and for

the operation, maintenance, repair and utilization of the same.

The Lessee for itself and its successors in interest, and assigns, as a part of the consideration hereof, do hereby covenant and agree "as a covenant running with the land" that (1) no person, on the ground of race, color, or national origin shall be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities now or hereafter on the premises, (2) that in connection with the construction of any improvements on said lands and the furnishing of services thereon, no discrimination shall be practiced in the selection of employees and contractors, by contractors in the selection and retention of first-tier subcontractors, and by first-tier subcontractors in the selection and retention of second-tier subcontractors, (3) that such discrimination shall not be practiced against the public in their access to and use of the facilities and services provided for public accommodations (such as eating, sleeping, rest, recreation, and vehicle servicing) constructed or operated on, over or under the space of the right-of-way, and (4) that Lessee shall use the premises in compliance with all other requirements imposed pursuant to Title 15, Code of Federal Regulations, Commerce and Foreign Trade, Subtitle A, Office of the Secretary of Commerce, Part 8 (15 C.F.R., Part 8), and as said Regulations may be amended. The breach of any of the above nondiscrimination covenants shall be an act of default hereunder entitling Lessor to terminate this lease in accordance with paragraph 8 hereof.

4. Lessor's Approval of Design and Construction. Immediately to the east of the premises are retaining walls and other underground portions of the Seattle Freeway. Lessee covenants that the

improvements to be constructed on the premises will not at any time during or after construction either damage or adversely affect any part or element of the structure of the Seattle Freeway or the operation thereof. Lessor shall be furnished with copies of all plans and specifications for all improvements on the premises and sub-grade and underground improvements for the office building and garage, and no work shall be done without Lessor having approved such plans and specifications, and all construction work shall be done in conformity therewith. Lessor may from time to time go upon the premises for the purpose of inspecting the excavation and construction work as it progresses and may take any action necessary, including directing that work be temporarily stopped or that additional work be done, to insure observation of the plans and specifications, protection of all parts and elements of the structure of the Seattle Freeway from adverse effect or damage and compliance with Lessor's construction and safety standards.

5. Non-liability of Lessor. Lessor shall not be liable for any injury to persons or property on the premises from any cause whatsoever, and Lessee shall save Lessor free and harmless from any and all claims arising out of the use or occupancy of the premises. At its sole cost and expense, the Lessee shall keep the premises and the improvements thereon continuously insured throughout the term of this lease against claims for personal injury or property damage under a policy or policies of general public liability insurance with limits of at least \$1,000,000 for injuries to one or more persons and \$1,000,000 for the property damage. Lessor may, not more frequently than at three-year intervals, require that the above limits be increased in such reasonable amounts as may be specified

by Lessor. The insurance policies called for by this paragraph shall name Lessor as one of the insured thereon, and copies of all such policies shall be delivered to Lessor. Such policies shall not be cancellable except on ten (10) days' notice to Lessor.

6. Non-completion of Building. Unless the time or times be extended in writing, Lessor may, at its option, terminate this lease in accordance with paragraph 8 unless:

(a) Construction of the office building and garage is begun within eight (8) months of the date hereof; and

(b) Construction of the office building and garage is prosecuted to completion with reasonable observation of a construction schedule which allows not more than two and one-half years from the start to the finish of construction.

Delays in construction caused by fire, earthquake, acts of God, war or civil disturbances, demonstrations, strikes or other interference with labor on the project by picketing or similar activities, economic controls which make labor or material unavailable, injunctions, restraining orders or other delays due to litigation challenging the validity of this lease or related agreements, and similar contingencies shall, for the same number of days as the duration of such delay, postpone Lessor's right to terminate this lease.

7. Lessee's Covenants as to Walkways. For and in consideration of this lease, Lessee covenants, and agrees that the office building to be constructed by Hedreen shall have (1) those certain open, public walkways or promenades on the office building level at grade with the park and pedestrian plaza areas immediately to the south, east and west thereof and on the level thereof at grade with University Street, the locations and minimum dimensions of which are described on Exhibit A hereto, which open, public walkways or

promenades shall be by Lessee and Hedreen, and their successors and assigns, kept open to the public for passage by foot continuously so long as the office building stands, except that the same may be closed one day each year so as to confirm the character of such walkways as private property, and (ii) at least a fifteen foot vertical elevation from the floor to the ceiling between the overhead beams for the open, public walkway or promenade on the West Plaza level of the office building and at least a twenty-seven foot vertical elevation from the floor to the ceiling between the overhead beams for the open, public walkway or promenade on the University Street level of the office building, which vertical elevations shall be kept open and preserved substantially as originally constructed so long as the office building stands.

8. Default.

(a) Liability of Lessee. In the event of a default or defaults by Hedreen in the performance or observation of the covenants contained in paragraphs 4 and 6 above, Hedreen, his successors and assigns, only, and not Lessee, shall be personally liable to Lessor by reason of any such default or defaults. However, Lessee shall be notified of, and have the right and opportunity to cure, in accordance with this paragraph, any such default or defaults.

(b) Notice of Default. At any time after the occurrence of a default or defaults under this lease (including failure to commence construction of, or complete, the office building or garage in accordance with paragraph 6 hereof), and while any such default remains unremedied, Lessor shall have the option to give notice in writing of its intention to terminate this lease by personal service upon, or by registered or certified mail directed to, the Lessee.

Hedreen and not more than three other parties claiming an interest in the premises by, through or under any one of them of whom Lessor has been notified by a notice including the address of such other party. Such notice of intention to terminate shall specify the default or defaults then outstanding.

(c) Grace Periods - 60 - 90 Days. At any time after the expiration of sixty (60) days from the giving of such notice in the case of defaults under paragraphs 2 or 5 above, or ninety (90) days from the giving of such notice (or such longer periods as may be permitted under sub-paragraph 8(d) below) in the case of defaults under paragraphs 3, 4, 6 or 7 above, Lessor shall have the right if one or more defaults described in such notice then remains unremedied, to terminate this lease by giving written notification that this lease is terminated to Lessee, Hedreen and any other party as aforesaid to whom notice of intention to terminate was sent.

(d) Grace Period - Over 90 Days. With respect to any event of default under paragraphs 3, 4, 6 or 7 which is not susceptible of being cured within ninety (90) days from the giving of notice of default by Lessor, the time within which such default or defaults may be cured shall be extended, and the option of Lessor to terminate this lease postponed, for such period as shall be necessary for the curing of the same; provided, however, that such extensions shall be available only if all other outstanding defaults which are capable of being cured within the 60 or 90 days grace periods above set forth have been cured, and if the curing of the default or defaults not capable of being cured within 90 days is commenced within said 90 day period and diligently prosecuted until the same are fully cured.

(e) Leasehold Mortgage - Additional Grace Period.

In the event that a holder of a security interest in the estate of Hedreen as sub-lessee of the premises (of which interest Lessor has been notified in compliance with this paragraph) has cured all defaults capable of being cured by the payment of money, such holder shall be deemed to be complying with paragraph (d) above if it (i) cures such defaults as it can cure without possession of the premises within the 90 day period specified in paragraph (d) above, and (ii) diligently prosecutes an action to foreclose the mortgage or other security interest held by it in the sub-leasehold estate of Hedreen and, after the conclusion of such action or conveyance in lieu of foreclosure, proceeds with all due diligence to cure any remaining defaults then outstanding; any party claiming an interest in the premises by, through or under such security holder, whether as purchaser at a foreclosure sale or otherwise, shall have the benefit of this paragraph (e).

(f) Acceptance of Cure. Any curing of default in accordance with the terms of this lease, or any payment under this lease to or for the account of Lessee, done or made by any person or party at any time interested in the premises or any person or party whose interest in the premises or in the office building or garage might be prejudiced in the event of a failure to cure such default or make such payment shall be deemed, as between Lessor and all such persons who may at any time be interested in the premises, the office building or the garage, to have been done or made on behalf of all such persons, and the same shall be accepted by Lessor.

9. Performance by Lessor. If Lessee or Hedreen defaults in the performance or observation of any covenant or agreement in

(e) Leasehold Mortgage - Additional Grace Period.

In the event that a holder of a security interest in the estate of Hedreen as sub-lessee of the premises (of which interest Lessor has been notified in compliance with this paragraph) has cured all defaults capable of being cured by the payment of money, such holder shall be deemed to be complying with paragraph (d) above if it (i) cures such defaults as it can cure without possession of the premises within the 90 day period specified in paragraph (d) above, and (ii) diligently prosecutes an action to foreclose the mortgage or other security interest held by it in the sub-leasehold estate of Hedreen and, after the conclusion of such action or conveyance in lieu of foreclosure, proceeds with all due diligence to cure any remaining defaults then outstanding; any party claiming an interest in the premises by, through or under such security holder, whether as purchaser at a foreclosure sale or otherwise, shall have the benefit of this paragraph (e).

(f) Acceptance of Cure. Any curing of default in accordance with the terms of this lease, or any payment under this lease to or for the account of Lessee, done or made by any person or party at any time interested in the premises or any person or party whose interest in the premises or in the office building or garage might be prejudiced in the event of a failure to cure such default or make such payment shall be deemed, as between Lessor and all such persons who may at any time be interested in the premises, the office building or the garage, to have been done or made on behalf of all such persons, and the same shall be accepted by Lessor.

9. Performance by Lessor. If Lessee or Hedreen defaults in the performance or observation of any covenant or agreement in

this lease contained, then after ten (10) days' written notice from Lessor specifying such default, given in accordance with paragraph 8(b) or without notice if any emergency exists (failure of Lessee timely to obtain any insurance is conclusively presumed to be an emergency) Lessor may do or perform, or cause to be done or performed such covenant or agreement and may enter upon the premises or any building or improvement situated thereon for such purpose. Lessor shall not be liable or in any way responsible for any loss, inconvenience, annoyance or damage resulting to Lessee or Hedreen on account thereof. Lessee shall repay to Lessor upon demand the entire cost and expense of such performance by Lessor, and any act or thing done by Lessor under the provisions of this paragraph 9 shall not be or be construed as a waiver of any agreement or condition herein contained or of the performance thereof.

10. Lessee's Interest. Lessee is acquiring its estate as Lessee in undivided interests, an undivided one-half interest as trustee under the will of Bessie A. Stubbs, deceased, and an undivided one-half interest as trustee under the will of Cora May Poncin, deceased.

11. Notices. Wherever in this lease notices are to be given or made, they may be sent by first class mail addressed to the parties at the following addresses, unless a different address shall be designated in writing and delivered to all parties: Lessor, State of Washington, Department of Highways, Olympia, Washington 98501; Lessee, Seattle-First National Bank, Trust Department, Seattle-First National Bank Building, 1001 Fourth Avenue, Seattle, Washington 98104; Richard C. Hedreen, 1310 Ward Street, Seattle, Washington 98109.

12. Successors and Assigns. This lease shall inure to the benefit of and be binding upon the successors and assigns of the parties.

13. Mortgagee's Rights. The holder of any mortgage given in good faith and for value on the subleasehold estate of Hedreen, whether an original mortgage or subsequent refinancing thereof, each successor or assign of such holder and the purchaser at the sheriff's sale thereunder, shall be designated "the Mortgagee."

a. Lessor agrees to certify promptly to the Mortgagee from time to time in response to the Mortgagee's requests, what portions of Lessee's and Hedreen's obligations hereunder are satisfactorily completed or being completed or being timely performed, as the case may be, and what portions, if any, of said obligations are believed not to be satisfactorily completed or being completed or timely performed, and if such be the case that this lease is in full force and effect.

b. The mortgagee will not be considered a successor or assign of Hedreen under this lease, or otherwise be liable or obligated to perform this lease, as a consequence of taking a security interest in the "Agreement" between Lessor, the City of Seattle, and Hedreen or this lease of state lands, or as a consequence of realizing upon its security, but may obtain the benefits hereof by performing the obligations of Lessee and Hedreen hereunder. If, prior to completion of the office building and garage pursuant to Paragraph 6, the Mortgagee elects to perform hereunder, it shall be bound to complete the office building and garage as required by Paragraph 6, but will thereafter be relieved of further liability upon transfer or conveyance of its interest only if the transferee assumes the obligations of Hedreen hereunder. Paragraph 8-(a) of

Commencing at the most southerly corner of Block 62 of Addition to the Town of Seattle, as laid out by A. A. Denny (Commonly known as A. A. Denny's Fifth Addition to the City of Seattle), according to plat thereof recorded in volume 1 of Plats, page 89, records of King County, Washington; thence north $30^{\circ}37'20''$ west along the westerly line of said Block 62 a distance of 118.67 feet to the true point of beginning; thence north $59^{\circ}22'40''$ east 169.33 feet; thence north $30^{\circ}37'20''$ west 104.33 feet; thence south $59^{\circ}22'40''$ west 12.33 feet; thence south $30^{\circ}37'20''$ east 92.00 feet; thence south $59^{\circ}22'40''$ west 50.00 feet; thence north $30^{\circ}37'20''$ west 5.00 feet; thence south $59^{\circ}22'40''$ west 50.00 feet; thence south $30^{\circ}37'20''$ east 5.00 feet; thence south $59^{\circ}22'40''$ west 39.67 feet; thence north $30^{\circ}37'20''$ west 57.17 feet; thence south $59^{\circ}22'40''$ west 12.33 feet; thence south $30^{\circ}37'20''$ east 57.17 feet; thence south $59^{\circ}22'40''$ west 5.00 feet; thence south $30^{\circ}37'20''$ east 12.33 feet to the true point of beginning. Said restricted area being confined vertically between the final floor elevation at the West Plaza level of the building and a plane 9 feet above said final floor elevation, excluding all columns and appurtenances therein;

TOGETHER WITH a second restricted area beginning at a point north $30^{\circ}37'20''$ west 92.00 feet from the most southerly corner of the restricted area above described; thence north $59^{\circ}22'40''$ east 169.33 feet; thence north $30^{\circ}37'20''$ west 12.33 feet; thence south $59^{\circ}22'40''$ west 169.33 feet; thence south $30^{\circ}37'20''$ east 12.33 feet to the point of beginning, said restricted area being confined vertically between the final floor elevation at the University Street entrance to the building and a plane 9 feet above said final floor elevation, excluding all columns and appurtenances therein.

EXHIBIT A to the State of Washington Lease to Seattle-First National Bank, as Trustee.

Recorded
King County Auditor
June 17, 1970
Receiving #
6662593

LEASE FOR RECORDING

SEATTLE-FIRST NATIONAL BANK, a national banking association, as Trustee under the Will of BESSIE A. STUBBS, deceased, and as Trustee under the Will of CORA MAY PONCIN, deceased, herein called "Owner", hereby leases to RICHARD C. HEDREEN, herein called "Lessee", and said Lessee hereby leases from Owner the premises situated in King County, Washington, described as Parcel A and Parcel B in Addendum First hereto.

The term of this lease is for a period of sixty-seven (67) years commencing on January 1, 1970 and ending on December 31, 2036, and with possible extension thereof to December 31, 2046, and this lease is for and upon all of the rents, terms, covenants and conditions contained in the written Ground Lease between Owner and Lessee bearing even date herewith, which Ground Lease is controlling.

EXECUTED as of this 17th day of June, 1970.

SEATTLE-FIRST NATIONAL BANK,
as Trustee under the Will of
BESSIE A. STUBBS, deceased, and
as Trustee under the Will of
CORA MAY PONCIN, deceased.

By Robert S. Thorne

Its VICE PRESIDENT

By

Its TRUST REAL ESTATE OFFICER

Richard C. Hedreen
RICHARD C. HEDREEN

STATE OF WASHINGTON)
) ss.
County of KING)

On this 17th day of June, 1970, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared ROBERT S. THORNE and W. N. POTTER, to me known to be the DEPOSITARY and TRUST REAL ESTATE respectively, of Seattle-First National Bank, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

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

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

STATE OF WASHINGTON)
) ss.
County of KING)

On this 17th day of June, 1970, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Richard C. Hedreen, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he signed and sealed the said instrument as his free and voluntary act and deed, for the uses and purposes therein mentioned.

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

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

PARCEL A:

That portion of Lots 1 and 4 in Block 62 of Addition to the Town of Seattle as laid out by A. A. Denny (commonly known as A. A. Denny's 5th Addition to the City of Seattle), according to plat thereof recorded in volume 1 of Plats, page 89, records of King County, lying Southeasterly of the Southeasterly margin of Primary State Highway No. 1 as conveyed to State of Washington by deed recorded under Auditor's File No. 5244296, said margin described as follows:

Beginning at the point of intersection of the center line of University Street with the center line of 6th Avenue; thence Southeasterly along the center line of said 6th Avenue, 38 feet to a point; thence Northeasterly in a straight line to its intersection with the Easterly line of said Lot 1, at a point distant 30 feet Southeasterly from the center line of the University-N-Ramp, and the terminus of this line; AND

That portion of Lot 2 and the Northerly half of lot 3 in Block 62 of Addition to the Town of Seattle as laid out by A. A. Denny (commonly known as A. A. Denny's 5th Addition to the City of Seattle), according to plat thereof recorded in volume 1 of Plats, page 89, records of King County, lying Southwesterly and Westerly of the margin of Primary State Highway No. 1 as conveyed to State of Washington by deed recorded under Auditor's File No. 5236666, said margin described as follows:

Beginning at a point of intersection of the projected Westerly line of Lot 2 and the center line of the University-N-Ramp of Primary State Highway No. 1, Seattle Freeway, Jackson Street to Olive Way; thence Southeasterly along the said Westerly line of said Lot 2, a distance of 40 feet to the true point of beginning of the line herein described; thence Northeasterly in a straight line to a point 40 feet Southeasterly when measured at right angles and/or radially from the center line of the University-N-Ramp of Primary State Highway No. 1, Seattle Freeway, Jackson Street to Olive Way, which point is 100 feet Northwesterly, when measured at right angles or radially, from the center line of Primary State Highway No. 1, Seattle Freeway, Jackson Street to Olive Way; thence extending Southeasterly parallel with said center line of Primary State Highway No. 1, Seattle Freeway, Jackson Street to Olive Way, to a point of intersection with the Southerly line of said Northerly 1/2 of Lot 3; AND

The Southerly 30 feet of Lot 3 in Block 62 of Addition to the Town of Seattle as laid out by A. A. Denny (commonly known as A. A. Denny's 5th Addition to the City of Seattle), according to plat thereof recorded in volume 1 of Plats, page 89, records of King County, except that portion thereof lying easterly of a line drawn parallel with and 100 feet Westerly when measured radially from the South Bound Center Line of Primary State Highway No. 1, Seattle Freeway, Jackson Street to Olive Way, as conveyed to State of Washington for Primary State Highway No. 1 by deed recorded under Auditor's File No. 5199593.

AND ALSO that portion of the alley in said Block 62 lying between said Lots 1 and 4 on the Southwest and said Lots 2 and 3 on the Northeast vacated by Ordinance of the City of Seattle number 98361, as recorded with the Auditor of King County under Auditor's File No. 6589971.

ADDENDUM FIRST-SEATTLE-FIRST NATIONAL BANK TO HEDREEN

PARCEL B:

The air rights lying above elevation 138.07, Seattle Datum, and below elevation 199.36, Seattle Datum, as to the tract described as follows:

Commencing at the most southerly corner of Block 62 of Addition to the Town of Seattle, as laid out by A. A. Denny (Commonly known as A. A. Denny's Fifth Addition to the City of Seattle), according to plat thereof recorded in volume 1 of Plats, page 89, records of King County, Washington; thence north $30^{\circ}37'20''$ west along the westerly line of said Block 62, a distance of 118.67 feet; thence north $59^{\circ}22'40''$ east 109.87 feet to the true point of beginning; thence North $59^{\circ}22'40''$ east 32.16 feet; thence South $7^{\circ}48'16''$ east 128.75 feet to the south line of said Block 62; thence south $59^{\circ}23'00''$ west along said south line 23.94 feet to a point on a curve concave to the east having a radius of 2039.86 feet, a radial at said point bearing north $76^{\circ}58'34''$ east; thence northerly along said curve 125.80 feet to the true point of beginning.

TOGETHER WITH the temporary right by Owner and Lessee and their successors, assigns, contractors, sub-contractors, material men and workmen to enter upon space over the real property above described upward from elevation 199.36, Seattle Datum with their equipment for the purpose of constructing an underground parking facility, and doing all work incidental thereto, and together with the right to enter upon said space from time to time for the purpose of keeping up, maintaining, repairing and reconstructing the roof or top deck and other elements and facilities of said underground parking facility; provided, however, that after each such entry, Owner or Lessee shall restore the real property above described and the improvements thereon to their condition immediately prior to such entry.

AND ALSO all the right, title and interest of the State of Washington, which is the lessor to Owner, in two tracts described as follows:

Commencing at the most southerly corner of Block 62 of Addition to the Town of Seattle, as laid out by A. A. Denny (commonly known as A. A. Denny's Fifth Addition to the City of Seattle), according to plat thereof recorded in volume 1 of Plats, page 89, records of King County, Washington; thence north $30^{\circ}37'20''$ west along the westerly line of said Block 62, a distance of 118.67 feet; thence north $59^{\circ}22'40''$ east 109.87 feet to the true point of beginning, said point being on a 2039.86 foot radius curve concave to the east, a radial at said point bearing north $80^{\circ}30'35''$ east; thence northerly along said curve 1.41 feet; thence north $59^{\circ}22'44''$ east 32.21 feet to a point on a 2009.86 foot radius curve concave to the east, a radial at said point bearing north $80^{\circ}52'52''$ east; thence northerly along said curve 69.80 feet; thence south $30^{\circ}37'20''$ east, 65.89 feet; thence south $59^{\circ}22'40''$ west 59.46 feet to the true point of beginning;

AND a second tract beginning at a point north $30^{\circ}37'20''$ west 20.44 feet from the most northerly corner of the tract described immediately above; thence north $30^{\circ}37'20''$ west 18.00

feet; thence south 59°22'40" west 110.70 feet; thence north 66°49'50" east 61.71 feet; thence south 88°36'55" east 18.87 feet; thence north 59°22'28" east 33.51 feet to the point of beginning;

The estate and interest of Owner in Parcel B is as Lessee thereof under that certain lease from the State of Washington, dated June 17, 1970, for a term of seventy-seven years commencing June 17, 1970, and ending June 16, 2047, which lease is recorded with the Auditor of King County, Washington, under Receiving Number 6662592.

Recorded
King County Auditor
June 17, 1970
Receiving #
6662594

LEASE FOR RECORDING

IPHEGENIA G. DIAFOS, who also appears of record as JENNIE DIAFOS and SPHIGENIA DIAFOS, as her separate estate, and MILTON DIAFOS, as his separate estate, herein called "Owner", hereby lease to RICHARD C. HEDREEN, herein called "Lessee", and said Lessee hereby leases from Owner the premises situated in King County, Washington described in Addendum First hereto.

The term of this lease is for a period of sixty-seven (67) years, commencing on January 1, 1970 and ending on December 31, 2036, and with possible extension thereof to December 31, 2046, and this lease is for and upon all of the rents, terms, covenants and conditions contained in the written Ground Lease between Owner and Lessee bearing even date herewith, which Ground Lease is controlling.

EXECUTED as of this 17th day of ^{JUNE}~~May~~, 1970.

Iphegenia G. Diafos
IPHEGENIA G. DIAFOS

Milton Diafos
MILTON DIAFOS

Richard C. Hedreen
RICHARD C. HEDREEN

Lot 5 in Block 62 of Addition to the Town of Seattle as laid out by A. A. Denny (commonly known as A. A. Denny's 5th Addition to the City of Seattle), according to plat thereof recorded in volume 1, of Plats, page 89, records of King County, EXCEPT that portion lying Northeasterly of a line drawn parallel with and 130 feet distant Southwesterly, when measured radially from the base line, "Center Line South Bound" of Primary State Highway No. 1, Seattle Freeway, Jackson Street to Olive Way, as deeded to the State of Washington, by deed recorded under Auditor's File No. 5217276; AND

Lot 8 in Block 62 of Addition to the Town of Seattle as laid out by A. A. Denny (commonly known as A. A. Denny's 5th Addition to the City of Seattle), according to plat thereof recorded in volume 1 of Plats, page 89, records of King County, EXCEPT that portion lying easterly of a line drawn parallel with and 130 feet distant westerly when measured radially from the base line, "Center Line South Bound" of Primary State Highway No. 1, Seattle Freeway, Jackson Street to Olive Way, as condemned in King County Superior Court Cause No. 570302.

Lot 5 in Block 62 of Addition to the Town of Seattle as laid out by A. A. Denny (commonly known as A. A. Denny's 5th Addition to the City of Seattle), according to plat thereof recorded in volume 1, of Plats, page 89, records of King County, EXCEPT that portion lying Northeasterly of a line drawn parallel with and 130 feet distant Southwesterly, when measured radially from the base line, "Center Line South Bound" of Primary State Highway No. 1, Seattle Freeway, Jackson Street to Olive Way, as deeded to the State of Washington, by deed recorded under Auditor's File No. 5217276; AND

Lot 8 in Block 62 of Addition to the Town of Seattle as laid out by A. A. Denny (commonly known as A. A. Denny's 5th Addition to the City of Seattle), according to plat thereof recorded in volume 1 of Plats, page 89, records of King County, EXCEPT that portion lying easterly of a line drawn parallel with and 130 feet distant westerly when measured radially from the base line, "Center Line South Bound" of Primary State Highway No. 1, Seattle Freeway, Jackson Street to Olive Way, as condemned in King County Superior Court Cause No. 570302.

Recorded 710
King County Auditor
June 17, 1970
Receiving #
6662595

LICENSE FOR PUBLIC PARK AND PLAZA
AND FOR PEDESTRIAN WALKWAY

FOR VALUE RECEIVED, SEATTLE-FIRST NATIONAL BANK, a national banking association, as trustee under the will of Bessie A. Stubbs, deceased, and as trustee under the will of Cora May Poncin, deceased (hereinafter sometimes called the "Bank"), IPHEGENIA G. DIAFOS who also appears of record as Jennie Diafos and Sphegenia Diafos, as her separate estate, and MILTON DIAFOS, as his separate estate, (hereinafter sometimes collectively called "Diafos") and RICHARD C. HEDREEN, who has agreed to lease the property hereinafter described, (hereinafter sometimes called "Hedreen"), hereby grant to THE STATE OF WASHINGTON, acting by and through the Department of Highways, its successors and assigns (hereinafter sometimes called the "Licensee") a permanent license and authority for certain uses by the public on and above the surface of the real property hereinafter described, which is situated in the City of Seattle, King County, Washington.

The Bank and Hedreen hereby grant to the Licensee a permanent license and authority over and above (up to elevation 199.36 Seattle Datum) the surface of that certain real property, in which the Bank has a leasehold estate under a lease executed contemporaneously herewith from the Licensee described as follows:

Commencing at the most southerly corner of Block 62 of Addition to the Town of Seattle, as laid out by A. A. Denny (Commonly known as A. A. Denny's Fifth Addition to the City of Seattle), according to plat thereof recorded in volume 1 of Plats, page 89, records of King County, Washington; thence north 30°37'20" west along the westerly line of said Block 62, a distance of 118.67 feet; thence north 59°22'40" east 109.87 feet to the true point of beginning; thence north 59°22'40" east 32.16 feet; thence south 7°48'16" east 128.75 feet to the south line of said Block 62;

thence south 59°23'00" west along said south line 23.94 feet to a point on a curve concave to the east having a radius of 2039.86 feet, a radial at said point bearing north 76°58'34" east; thence northerly along said curve 125.80 feet to the true point of beginning.

Diafos and Hedreen hereby grant to the Licensee a permanent license and authority over and above the surface of that certain real property owned by Diafos in fee simple described as follows:

Beginning at the most southerly corner of Block 62 of Addition to the Town of Seattle, as laid out by A. A. Denny (commonly known as A. A. Denny's Fifth Addition to the City of Seattle), according to plat thereof recorded in Volume 1 of Plats, page 89, records of King County, Washington; thence north 30°37'20" west along the westerly line of said Block 62 a distance of 118.67 feet; thence north 59°22'40" east 109.87 feet to a point on a curve concave to the east having a radius of 2039.86 feet, a radial at said point bearing north 80°30'35" east; thence southerly along said curve 125.80 feet to the south line of said Block 62; thence south 59°23'00" west along said south line 68.16 feet to the point of beginning.

The licenses and authorities hereby granted are for light, air and public park and pedestrian plaza purposes, including passage by foot and individual occupancy, rest and recreation by the public over, across and above the surfaces of the real properties heretofore described as such surfaces shall be established after construction by Hedreen of a sub-surface parking garage (with an entrance and exit for cars and trucks on Sixth Avenue) in accordance with an Agreement between the Licensee, the City of Seattle, and Hedreen bearing even date herewith.

The Licensee is also licensed and authorized hereby to enter upon and remain on the surface of the above described real estate for purposes of constructing, installing, policing, inspecting,

maintaining, repairing and replacing public park facilities thereon, including trees, plants, walks, pools and fountains; provided, however, that the aforesaid public park facilities shall not be so located or constructed as to prevent reasonable pedestrian access to the office building which the aforesaid Agreement contemplates that Hedreen will construct immediately to the north of the above described real properties.

The Bank, Diafos and Hedreen reserve unto themselves, however, the right from time to time to enter upon on the surface of the above described real properties for the purpose of keeping up, maintaining, repairing and reconstructing the roof or top deck and other elements and facilities of the sub-surface parking garage heretofore described and the entrance and exit thereof and for the purpose of carrying out the park and public plaza area maintenance to be done by Hedreen under the terms of the aforesaid Agreement; provided, however, that after each such entry the Bank, Diafos or Hedreen shall restore the surface of the above described real properties and the improvements thereon to their condition immediately prior to such entry.

Nothing herein contained shall be construed to impose on the Bank, Diafos or Hedreen any duty, obligation or liability for the maintenance of public order or police protection, or for the safety of persons or property on the surface of the areas covered by the licenses hereby granted (except such obligations as to safety as are assumed under the aforesaid Agreement).

This License shall inure to the benefit of, and be binding upon, the heirs, administrators, executors, successors and assigns of the parties.

maintaining, repairing and replacing public park facilities thereon, including trees, plants, walks, pools and fountains; provided, however, that the aforesaid public park facilities shall not be so located or constructed as to prevent reasonable pedestrian access to the office building which the aforesaid Agreement contemplates that Hedreen will construct immediately to the north of the above described real properties.

The Bank, Diafos and Hedreen reserve unto themselves, however, the right from time to time to enter upon on the surface of the above described real properties for the purpose of keeping up, maintaining, repairing and reconstructing the roof or top deck and other elements and facilities of the sub-surface parking garage heretofore described and the entrance and exit thereof and for the purpose of carrying out the park and public plaza area maintenance to be done by Hedreen under the terms of the aforesaid Agreement; provided, however, that after each such entry the Bank, Diafos or Hedreen shall restore the surface of the above described real properties and the improvements thereon to their condition immediately prior to such entry.

Nothing herein contained shall be construed to impose on the Bank, Diafos or Hedreen any duty, obligation or liability for the maintenance of public order or police protection, or for the safety of persons or property on the surface of the areas covered by the licenses hereby granted (except such obligations as to safety as are assumed under the aforesaid Agreement).

This License shall inure to the benefit of, and be binding upon, the heirs, administrators, executors, successors and assigns of the parties.

STATE OF WASHINGTON)
)
COUNTY OF KING)

On this 25 day of May, 1970, personally appeared before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, IPHEGENIA G. DIAFOS, MILTON DIAFOS and RICHARD C. HEDREEN, to me known to be the individuals described in and who each executed the within and foregoing instrument, and acknowledged to me that they each signed and sealed the said instrument as their free and voluntary act and deed, for the uses and purposes therein mentioned.

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

Walter J. Hastings Jr.

Notary Public in and for the State
of Washington, residing at Seattle