

ORDINANCE No.

118225

COUNCIL BILL No.

111329

AN ORDINANCE relating to the Washington State Convention and Trade Center ("WSCTC"); authorizing the Mayor to enter into a Memorandum of Agreement with the WSCTC to contribute to the expansion of the Washington State Convention and Trade Center; establishing irrevocable commitments of the City to the expansion project; imposing a tax and directing its deposit and uses; expressing the Council's judgment that certain amendments to the WSCTC's PUDA and the related contract rezone would be within the spirit and general purpose of, and would not represent a major departure from, the terms of the existing PUDA and contract rezone; accepting certain commitments of the WSCTC for housing replacement and tenant relocation assistance for the expansion project; and authorizing the commitment of City funds to the Washington State Convention and Trade Center at a future time as delineated in the Memorandum of Agreement.

OK

COMPTROLLER FILE No.

Introduced:	By:
JUL 15 1996	DRAGO
Referred:	To:
JUL 15 1996	Business, Economic & Community Development Committee
Referred:	To:
Referred:	To:
Reported:	Second Reading
AUG - 5 1996	AUG - 5 1996
Third Reading:	Signed:
AUG - 5 1996	AUG - 5 1996
Presented to Mayor:	Approved:
AUG - 5 1996	AUG - 9 1996
Returned to City Clerk:	Published:
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Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

Law Department

INDEXED

The City of Seattle--Legislative Department

Date Reported
and Adopted

REPORT OF COMMITTEE

Honorable President:

Your Committee on

to which was referred the within Council Bill No. _____
report that we have considered the same and respectfully recommend that the same:

BECD Do approve as amended 30

7/22/96 - held 2 weeks

Full Council vote 9-0

Committee Chair

ORDINANCE

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AN ORDINANCE relating to the Washington State Convention and Trade Center ("WSCTC"); authorizing the Mayor to enter into a Memorandum of Agreement with the WSCTC to contribute to the expansion of the Washington State Convention and Trade Center; establishing irrevocable commitments of the City to the expansion project; imposing a tax and directing its deposit and uses; expressing the Council's judgment that certain amendments to the WSCTC's PUDA and the related contract rezone would be within the spirit and general purpose of, and would not represent a major departure from, the terms of the existing PUDA and contract rezone; accepting certain commitments of the WSCTC for housing replacement and tenant relocation assistance for the expansion project; and authorizing the commitment of City funds to the Washington State Convention and Trade Center at a future time as delineated in the Memorandum of Agreement.

WHEREAS, in Section 148, chapter 6, Laws of 1994 Sp. Sess., the Washington State Legislature ("Legislature") authorized and funded a study of the feasibility of expanding the Washington State Convention and Trade Center ("WSCTC") and a legislative task force ("Task Force") was appointed to implement the study; and

WHEREAS, the City appointed members to participate on the Task Force and City staff actively participated in the feasibility analysis for WSCTC expansion; and

WHEREAS, the Seattle City Council, with the Mayor's concurrence adopted Resolution 29034 in November, 1994, supporting expansion of the WSCTC; and

WHEREAS, the Task Force adopted its final report (the "Expansion Development Study") in January, 1995 and, in the "Task Force Recommendations" dated December, 1994, the Task Force recommended expansion of the WSCTC pursuant to one of two alternative expansion options, the "East Expansion Option" or the "North Expansion Option"; and

WHEREAS, in chapter 386, Laws of 1995, the Legislature authorized the expansion of the WSCTC as recommended by the Task Force; and

WHEREAS, the Legislature provided in chapter 386, Laws of 1995, that most of the cost of the expansion of the WSCTC should be paid with moneys collected from a hotel sales tax which the Legislature authorized the City to impose, to be collected by the Washington State Department of Revenue and credited against the state sales tax, and the City desires to impose this tax contingent upon the happening of certain events; and

WHEREAS, the Task Force also recommended that a portion of the costs of expansion of the WSCTC should be provided from the revenues produced by the Freeway Park Garage; and

WHEREAS, in the Expansion Development Study the Task Force projected that WSCTC expansion will increase City tax revenues under either expansion option; and

WHEREAS, implementation of the East Expansion Option would require demolition of the Elektra (formerly the Town House) Apartments, the Terri Anne Apartments, the Le Roi Apartments and

the Cambridge Apartments and implementation of the North Expansion Option would require demolition of the Waldorf Apartments; and

WHEREAS, in chapter 386, Laws of 1995, the Legislature prohibited the WSCTC from expending moneys for expansion, other than expenditures for preliminary design and planning activities, environmental studies, and real estate appraisals, prior to acceptance by the WSCTC Board of Directors of an irrevocable commitment for funding from public or private participants consistent with the Task Force Recommendations; and

WHEREAS, by approving this Agreement the City Council intends to make, and does make, consistent with and subject to all terms and conditions of this Agreement, an irrevocable commitment to participate in funding the WSCTC expansion; and

WHEREAS, the WSCTC acknowledges that the City of Seattle, in making irrevocable commitments to participate in the funding of the expansion project, is relying upon the WSCTC to use the authority granted to the WSCTC in chapter 386, Laws of 1995, to proceed with all necessary expenditures in support of the expansion project after acceptance by the WSCTC Board of Directors of irrevocable commitments for funding consistent with the Task Force recommendations, including the irrevocable commitments for funding made by the City in this Ordinance and in the Memorandum of Agreement; and

WHEREAS, the City of Seattle acknowledges that the receipt by the WSCTC of the sales tax fixed and imposed by section 2 of this ordinance will be relied on by the holders or owners of the obligations issued under one or more financing contracts undertaken to finance the expansion of the WSCTC for the payment of those obligations and that without the City's imposition of and promise to the WSCTC to maintain that tax until those obligations are no longer outstanding, the WSCTC expansion would not be financed under such financing contract(s); and

WHEREAS, the WSCTC has made commitments regarding the construction of replacement housing and the provision of tenant relocation assistance above that required by the Tenant Relocation Assistance Ordinance, and pursuant to SMC 22.210.040(G), the Tenant Relocation Assistance Ordinance does not apply to dwelling units demolished in connection with WSCTC expansion because relocation assistance is required to be paid to tenants of such units under the State Relocation Assistance -- Real Property Acquisition Act, Chapter 8.26 RCW; and

WHEREAS, the City and the WSCTC desire to memorialize their agreements with regard to the expansion of the WSCTC, including funding matters, the Freeway Park Garage, priority processing of permits and decisions necessary for the WSCTC expansion, and the development of replacement housing; Now Therefore

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Mayor is authorized to execute a Memorandum of Agreement in substantially the form of attachment A hereto. The Memorandum of Agreement shall commit the Washington State Convention and Trade Center ("WSCTC") to specific requirements for housing replacement and tenant

1 relocation assistance that exceed minimum City requirements and to maintain certain real property of the
2 City.

3 Section 2. (a) Contingent on the happening of events specified in subsection (c) below, and
4 commencing no sooner than January 1, 2000, in any event, there is hereby fixed and imposed a sales tax
5 on the charge for rooms to be used for lodging by transients in accordance with the terms of chapter 386,
6 Laws of 1995, to be collected from those persons located within the boundaries of the City of Seattle
7 who are taxable by the State of Washington under RCW 67.40.090. The rate of the tax is two percent
8 (2%) of the charge for rooms to be used for lodging by transients.

9 (b) The tax imposed by this section is due and payable, and shall be collected, in the same
10 manner as for taxes authorized under chapter 82.14 RCW, and penalties, receipts, abatements, refunds,
11 and all similar matters shall be as provided in chapter 82.08 RCW. All proceeds of the tax shall be
12 deposited in the State Convention and Trade Center Account in the State Treasury and used solely for the
13 purposes specified in RCW 67.40.170.

14 (c) The tax imposed by this section is contingent upon and shall not take effect until the WSCTC
15 files all of the following documents with the City Clerk:

16 (i) a copy of the Memorandum of Agreement authorized in section 1 executed by the duly
17 authorized representatives of the City and the WSCTC; and
18 (ii) a copy of the resolution of the WSCTC Board of Directors required by Section 6 of the
19 Memorandum of Agreement; and
20 (iii) a copy of a resolution of the State Finance Committee approving, pursuant to the authority
21 of RCW 39.94, a financing contract for the expansion of the WSCTC, and a certification by the
22 WSCTC that financing instruments have been issued pursuant to that financing contract;
23 and in no event sooner than January 1, 2000.

24 (d) The tax imposed by this section shall be maintained and shall not be modified until the earlier of
25 (i) the date the payment obligations of the WSCTC under the Financing Contract(s) to finance the
26 expansion of the WSCTC are no longer outstanding, and (ii) December 31, 2026. The tax imposed by
27
28

1 this section shall expire on the earlier of the two afore-mentioned dates unless extended by ordinance of
2 the City.

3 (e) The Mayor or his designee is authorized to contract with the State Department of Revenue, or
4 its functional successor, for administration and collection of this tax, at no cost to the City.

5 Section 3. The lease to the Washington State Convention and Trade Center of the Freeway Park
6 Garage, as shall be set forth in the Memorandum of Agreement, is approved, but shall not be executed
7 prior to the submission to the Mayor by the WSCTC Board of Directors of the resolution required in
8 Section 6 of the Memorandum of Agreement.

9 Section 4. The City's obligation, as shall be set forth in the Memorandum of Agreement, to
10 provide the Washington State Convention and Trade Center the sum of Seven Million Five Hundred
11 Thousand Dollars (\$7,500,000) to defray costs associated with the expansion of the convention center
12 facility, is approved, contingent only upon the provision to the Mayor by the WSCTC Board of Directors
13 of the resolution required in Section 6 of the Memorandum of Agreement. Payments to the WSCTC
14 shall be consistent with the payment provisions of the Memorandum of Agreement.


15 Section 5. The proposed Memorandum of Agreement shown in Attachment A acknowledges that
16 the WSCTC might propose to amend the existing WSCTC Property Use and Development Agreement
17 ("PUDA") and the related contract rezone to reduce the potential development on the existing site, and
18 might propose to use some or all of the housing bonus generated by its contribution to the Eagles project,
19 together with some or all of the transferable development rights from the Eagles site, on the North Site,
20 subject to applicable provisions of the Land Use Code and Public Benefit Features Rule. The City
21 Council expresses its judgment, pursuant to SMC 23.76.058, that such proposed amendments would be
22 within the spirit and general purpose of, and would not represent a major departure from, the terms of the
23 existing contract rezone and PUDA. The City Council does not, however, express any judgment on the
24 merits of any such proposed amendment, which the Council would consider after written notice and an
25 opportunity to comment is provided pursuant to SMC 23.76.058.

26
27 Section 6. In recognition of the intent to lease the Freeway Park Garage to the WSCTC under the
28 Memorandum of Agreement, as expressed in Section 3, above and consistent with the intent of the City

1 Council that the Department of Administrative Services review Freeway Park Garage under the City's
2 managed competition program, and notwithstanding SMC chapters 20.44 and 20.46A, the Department of
3 Administrative Services is hereby authorized to enter into a management contract with the WSCTC in
4 such form and with such terms as are acceptable to the Director of Administrative Services or his
5 functional successor without seeking competitive bid or requiring participation by minority and women's
6 businesses.

7 Section 7. This ordinance shall take effect and be in force thirty (30) days from and after its
8 approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after
9 presentation, it shall take effect as provided by Municipal Code Section 1.04.020; except that section 2
10 shall take effect only when a contract with the Washington State Department of Revenue for
11 administration and collection of the tax imposed therein has been filed with the City Clerk. For purposes
12 of RCW 82.14.036, the City Clerk is identified as the filing officer.
13

14 Passed by the City Council the 5 day of August, 1996, and signed by me in open
15 session in authentication of its passage this 5 day of August, 1996.
16

17 
18 President _____ of the City Council

19 Approved by me this 9 day of August, 1996.
20

21 
22 Mayor

23 Filed by me this 14 day of August, 1996.
24

25 
26 City Clerk

27 ref: FinAdmin Ord/Agmt no 2. (WSCTCB2)
28

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT, (the "Agreement"), is entered between the Washington State Convention and Trade Center, (the "Convention Center"), a Washington public non-profit corporation, and The City of Seattle, (the "City"), a State of Washington municipal corporation (collectively, the "Parties").

RECITALS

- A. Recognizing the contributions which the Convention Center makes to the economic vitality of the State of Washington and to the downtown Seattle retail core, the State, the Convention Center and the City have cooperatively studied the feasibility of expanding the Convention Center to increase market share. A task force, appointed by the Governor, the Legislature and the Mayor of Seattle, completed an Expansion Development Study in January 1995 and recommended two alternative expansion options, the "East Option" or the "North Option."
- B. The State has authorized expansion of the Convention Center as recommended by the task force; has authorized the City to impose a Hotel Sales Tax, to be credited against State sales tax, to finance the Expansion Project; has stated that additional funds in the amount of \$15,000,000 from public or private sources other than those authorized by the State should be contributed to the Expansion Project; and has prohibited the Convention Center from expending moneys for Expansion Project, other than expenditures for preliminary design and planning activities, environmental studies, and real estate appraisals, prior to acceptance by the Convention Center Board of Directors of an irrevocable commitment for funding from public or private participants consistent with the Task Force recommendations.
- C. The City intends to impose the local option Hotel Sales Tax authorized to finance the Expansion Project and to make a financial contribution to the project based on its value to the City, consistent with City policy guidance in Resolution 29034.
- D. The City also intends to transfer the management, debt service responsibility, and revenues generated by the Freeway Park Garage to the Convention Center, as recommended by the Expansion Task Force, to contribute toward the on-going viability of the expanded Convention Center.

E. The Parties share the following common objectives related to the Expansion Project:

- Build a quality Expansion Project which increases the Convention Center's share of the convention market.
- Develop an Expansion Project which recognizes and contributes to the urban character of its setting.
- Develop an Expansion Project with minimum adverse impacts to the environment.
- Replace all demolished housing units, provide relocation opportunities for displaced residents prior to demolition of existing housing, and realize a net gain in housing units.
- Utilize the expertise within the City, especially within DCLU and DHHS, to achieve an excellent Expansion Project.
- Expedite review of necessary permits and approvals in support of a short timeline for development.
- Involve the community in project planning.
- Expand in a manner to maximize general tax revenues for the State and the City

F. The Convention Center's objectives also include the following:

- Complete the Expansion Project to allow its operation in year 2000.
- To the extent allowable by law, obtain expedited processing of necessary permits, street and alley vacations and other approvals.
- Minimize conflicts regarding permits and approvals.

G. The City's objectives also include the following:

- Achieve the expansion of the Convention Center in a manner that further promotes and supports the revitalization efforts of the retail core.
- Fulfill its mission to enforce state and local land use laws, environmental processes, building code and other regulations
- Encourage development of streetscape improvements and street level uses which are consistent with the recommendations of the Pine Street Advisory Task Force for the retail district centered on Pine Street.
- Achieve improvements in the Seattle economy through increased tourism, job creation and retail sales and protect the City's General Fund.
- Address citizen concerns during project planning and permitting.

WHEREAS, the City and the Convention Center desire to memorialize their agreements with regard to the expansion of the Convention Center, including funding matters, the Freeway Park Garage, and the development of replacement housing;

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto acknowledge and agree as follows:

AGREEMENT

1. DEFINITIONS

- 1.1 "Apartments" shall refer to those apartment buildings which may be demolished in the Expansion Project, and refers to the Elektra (formerly the Town House) Apartments, Terri Anne Apartments, Le Roi Apartments and Cambridge Apartments in connection with the East Option, and the Waldorf Apartments with the North Option. "Apartment" shall refer to one of the foregoing apartment buildings individually.
- 1.2 "City" means the City of Seattle.
- 1.3 "DCLU" means the Seattle Department of Construction and Land Use or any successor agency which succeeds to its functions with regards to environmental review pursuant to the State Environmental Policy Act and the issuance of building permits.
- 1.4 "DHHS" means the Seattle Department of Housing and Human Services or any successor agency which succeeds to its functions with regard to Low-Income Housing.
- 1.5 "East Option" means the development of the Expansion Project in an easterly and southeasterly direction, bounded approximately by Pike Street, Terry Avenue, Freeway Park, and the existing Horizon House apartments, including portions of Hubbell Place, Ninth Avenue and Union Street right-of-way. "East Site" means the property where the "East Option" expansion would be developed.
- 1.6 "Engineering" means the Seattle Engineering Department or any successor agency which succeeds to its functions with regards to the issuance of permits for skybridges and the use of streets and alleys.
- 1.7 "Expansion Option" means the East Option or the North Option.
- 1.8 "Expansion Project" means the physical improvement to the Convention Center facilities which shall include approximately 100,000 square feet of additional heavy-load exhibition space, additional lobby and pre-function areas, and additional loading bays and support areas.
- 1.9 "Gross Receipts" means the total collections received by the Convention Center as fees for parking in the Freeway Park Garage.
- 1.10 "Housing Provider" means a for-profit or non-profit housing development organization.
- 1.11 "Low-Income Housing" means housing affordable to households earning 60% or less of Median Income, assuming that not more than 35% of monthly income is paid for Rent.
- 1.12 "Low-Income Tenant" means a tenant household with an income that is 60% or less of Median Income.
- 1.13 "Median Income" means median household income, adjusted for household size, as published periodically by the U.S. Department of Housing and Urban Development for the Seattle-Everett Metropolitan Statistical Area.

- 1.14 "MWBE" means Minority and Women-owned Business Enterprises as certified by the State of Washington Department of Licensing.
- 1.15 "Net Operating Revenue" means the Gross Receipts less the costs of operations, maintenance, and personnel attributed to the operation of the Garage and reasonable overhead of the WSCTC attributable to the operation of the Garage.
- 1.16 "North Option" means the expansion of the Convention Center in a northerly direction across Pike Street, bound approximately by Pike Street, Pine Street, 7th Avenue and 9th Avenue (excluding certain properties adjacent to Pine Street between 8th and 9th), including aerial crossings of Pike Street and 8th Avenue. "North Site" means the property where the North Option would be developed.
- 1.17 "Occupied Units" means units in any of the Apartments to be demolished that are occupied by tenants on the date when the Convention Center surveys the Apartments pursuant to Paragraph 4.6. . There are currently estimated to be 319 Occupied units in the Apartments in the East Site, and 127 Occupied Units on the North Site.
- 1.18 "Rent" shall include all amounts paid directly or indirectly for the use or occupancy of a dwelling unit and of common areas, and shall also include a utility allowance, which shall be equal to the utility allowance published from time to time by the Seattle Housing Authority ("SHA") for the type of dwelling unit in which the City determines that utilities are most nearly comparable or, if the City determines that no reasonably comparable figures are available from SHA, the utility allowance shall be such amount as the City determines from time to time as an adequate allowance for heat, gas, electricity, water, sewer, and refuse collection (to the extent such items are not paid for by Housing Provider). Rent shall not include any allowance for parking, board, day care, telephone, cable TV, laundry or other such services.
- 1.19 "Rehabilitated Housing" means housing that was occupied no more recently than 1994 and is hereafter rehabilitated to standards of the Seattle Building Code for substantial rehabilitation.
- 1.20 "Replacement Housing" means newly constructed housing or Rehabilitated Housing that is built or rehabilitated to replace the Apartments demolished for the Expansion Project.
- 1.21 "Tax Credits" means Federal Low-Income Housing Tax Credits.

2. TERM OF AGREEMENT

This Agreement shall remain in effect until its purposes of facilitating and financing the Convention Center Expansion Project authorized by the Legislature and the obligations herein, have been satisfied pursuant to this Agreement, including the covenants as described in paragraph 5.2 below and the term of Housing Affordability as set forth in Paragraph 4.11 below, or until the Agreement has been terminated as provided for in paragraph 9.9 below.

3. HOTEL SALES TAX

Subject to acceptance by the Convention Center pursuant to Section 6:

The City will fix and impose a hotel sales tax pursuant to the authorization and consistent with the requirements contained in RCW 67.40.130 - .190 ("Hotel Sales Tax"), to become payable after notification to the City by the Convention Center that the State Finance Committee has approved, pursuant to the authority of RCW 39.94, a financing contract ("Financing Contract") for the Expansion Project, and that financing instruments have been issued pursuant to the Financing Contract, and no earlier than for the tax period beginning on January 1, 2000. The two-percent Hotel Sales Tax will be collected by the State Department of Revenue and will be credited to the Convention Center account in the State Treasury. The Hotel Sales Tax shall be used solely by the Convention Center for the purposes specified by the Legislature for the benefit of the Convention Center and the City. The City agrees that once imposed, the Hotel Sales Tax will remain in effect and not be modified until the earlier of (i) the date the payment obligations of the Convention Center under the Financing Contract cease to be outstanding or (ii) December 31, 2026.

4. REPLACEMENT HOUSING

4.1 Replacement Housing.

The Convention Center agrees to replace in the manner provided for herein, all units that were Low-Income Housing units on May 16, 1995, in the Apartments which are demolished by the Convention Center. There are 394 units in the Apartments on the East Site, 374 of which were Low-Income Housing Units on May 16, 1995, and 127 units in the Waldorf Apartments on the North Site, all of which were Low-Income Housing Units on May 16, 1995. These units will be replaced with either newly constructed housing or Rehabilitated Housing. The Replacement Housing units will be comparable in quality to other publicly-funded Low-Income Housing built in Seattle, and will be equally affordable as the units demolished. The City and the Convention Center will cooperate to ensure that the Replacement Housing is expeditiously provided, consistent with the provisions of this Agreement. At the time of contract award to the Housing Provider(s), the Convention Center shall provide to the City a summary with respect to each Replacement Housing project showing the number and size of units, income levels served and initial rents. The City and the Convention Center expect that private development in conjunction with the Convention Center Expansion Project will produce a number of new, market rate units at least equal to the number of housing units demolished for the Expansion Project, that were not Low-Income Housing Units as of May 16, 1995.

4.2 Replacement Housing Financing.

The Convention Center agrees that funds from the following sources shall not be used to fund the construction of the Replacement Housing: 9% Tax Credits; City, King County, and State housing funds; and federal housing grants. This does not exclude the generation of financial support for Replacement Housing through Housing Bonus or Transferable Development Rights, as discussed in Paragraph 4.14.

4.3 Replacement Housing Rents.

- a. Low-Income Housing Units shall be replaced with units with initial Rents not exceeding 35% of the following per cent of Median Income:

	Rent Level ¹	<u># of Units</u>
East Option	30% - 40%	60
	41% - 50%	210
	<u>51% - 60%</u>	<u>104</u>
	Total	374
North Option	41% - 50%	81
	<u>51% - 60%</u>	<u>46</u>
	Total	127

- b. Low-Income tenants of Occupied Units of an Apartment shall be provided a comparable unit in the Replacement Housing, in type and rent level, prior to the demolition of the Apartment.
- c. Rents for units that serve as Replacement Housing shall not be increased except for an annual increase, at the discretion of the Housing Provider, that shall not result in a change in the rent level of the unit as displayed in Paragraph 4.3(a), based on the most recent publication of Median Income for the Seattle-Everett Standard Metropolitan Statistical Area.

¹ Refers to Per Cent of Household Median Income

- d. The Waldorf Apartments currently operates under a housing subsidy contract under the "Section 8" program with the U.S. Department of Housing and Urban Development (HUD). HUD has indicated that this form of Section 8 contract to a building will not be renewed; Section 8 subsidies, in the form of individual vouchers, will continue. The Waldorf Apartments contract expires on June 30, 1999. The Convention Center and the City acknowledge the importance of obtaining future rent subsidy for the qualified tenants of the Waldorf, beyond the rent affordability level specified in Paragraph 4.3(a), above, and shall work with HUD to obtain vouchers to provide the Section 8 subsidy for the qualified tenants. Neither the Convention Center nor the City can guarantee the provision of subsidies equivalent to the Section 8 subsidy beyond the expiration date of the current contract between the Waldorf and HUD. Should the effort to obtain Section 8 vouchers for qualified tenants of the Waldorf not be successful, the Convention Center agrees to provide payments, which may be in the form of rental assistance payments required by WAC Title 468, but shall be in addition to the payment under Paragraph 4.8a below, to assure, at least through June 30, 1999, that the qualified tenants of the Waldorf shall not be obligated to individually pay higher rent, in the the Waldorf after acquisition by the Convention Center or in Replacement Housing, than they would pay if the Section 8 subsidy were available.

4.4 Unit Mix.

The Replacement Housing should have a unit mix consistent with the following unit-mix ratios of the Apartments: East Option, 43% studio units, 37% one-bedroom units, and 20% two-bedroom units; North Option, 28% studio units and 72% one-bedroom units. If appropriate to better meet prospective tenant needs the Convention Center may include more one-bedroom units and fewer studio units in the Replacement Housing; however, there shall be no reduction in the percentage of two-bedroom units set forth above for the East Option, and there shall be no increase in the percentage of studio units in either option.

4.5 Average Unit Sizes.

The average unit size (in square feet) of Replacement Housing shall be consistent with the recommendations included in the housing mitigation provisions of the Environmental Impact Statement for the Expansion Project. This requirement is in addition to the requirements of Paragraph 4.4 above.

4.6 Replacement Housing Construction and Occupancy Schedule

Replacement Housing units sufficient to replace the Occupied Units occupied by Low-Income Tenants shall be constructed and/or rehabilitated and available for occupancy prior to demolition of the Apartments. No later than 30 days after the Board of Directors of the Convention Center selects an Expansion Option, the Convention Center shall survey tenants to establish the number of Occupied Units occupied by Low-Income Tenants. The Replacement Housing units sufficient to replace the remaining units which the Convention Center agrees to replace pursuant to Paragraph 4.1 above, shall be under contract for replacement prior to demolition and be constructed and/or rehabilitated and available for occupancy within four (4) years from the date the first units in the Apartments are demolished.

4.7 Replacement Housing Sites.

Replacement Housing should, if feasible, be located within a two-thirds mile radius of the Convention Center. Preference shall be given, if feasible, to potential sites within a 1/4 mile radius of the Convention Center and sites which are consistent with the City's Low-Income Housing dispersion ratios. Other sites within Downtown Zones as defined in SMC ch. 23.49 or within the boundaries of the Capitol Hill or First Hill urban villages, as defined in the City's Comprehensive Plan or the South Lake Union Planning Area, also may be selected by the Convention Center for Replacement Housing. If any Replacement Housing project requires a waiver from dispersion requirement as defined by the City's Consolidated Plan for Housing and Community Development, in recognition of the critical timeframe for the replacement housing imposed by Paragraph 4.6, DHHS will issue its decision on such waiver request within 30 days.

4.8 Tenant Relocation Assistance.

- a. The parties recognize that the WSCTC will be obligated to make relocation assistance payments to persons displaced for the Expansion Project pursuant to the the State Relocation Assistance – Real Property Acquisition Act, RCW ch. 8.26, and that the City's Tenant Relocation Assistance Ordinance, SMC ch. 22.210, does not apply to displacements where tenants are entitled to payments under State law. In any event, the WSCTC agrees to make a minimum relocation assistance payment of \$2142 for each unit, occupied in an Apartment on the date when the Convention Center delivers an initial written offer to purchase the Apartment for the Expansion Project. The City and the Convention Center recognize that the amount of this relocation payment exceeds the amount of relocation payments provided for in the City relocation ordinance, SMC chapter 22.210, and that under the City ordinance not all displaced tenants are entitled to relocation payments. Except as provided in Paragraph 4.3d, such payments by the Convention Center are intended to offset any obligation the Convention Center might have under any other law.
- b. The Convention Center will provide technical assistance for relocation to tenants who are either ineligible for or choose not to accept the Replacement Housing.

4.9 Use of Apartments after Acquisition by Convention Center.

- a. Following acquisition of an Apartment by the Convention Center, the Convention Center shall make every reasonable effort to ensure that housing units in the Apartments are occupied by tenants until a notice to vacate prior to demolition is issued. Rents for Low-Income Tenants shall not be increased after the Convention Center acquires any Apartment, except that after owning an Apartment for at least one year, the Convention Center may increase the rent of the Apartment in a percentage not to exceed the percentage increase in Median Income for the Seattle-Everett Standard Metropolitan Statistical Area since the Convention Center acquired the Apartment.

- b. After the Convention Center issues a notice to vacate units in the Apartments or is otherwise responsible for paying tenant relocation assistance pursuant to Paragraph 4.8 above, units shall not be re-rented for permanent occupancy but may be leased to tenants for short-term rental, or may be leased for up to one year to a non-profit organization for use as temporary emergency shelter space. The Convention Center shall ensure that any new tenant who rents a Unit after the Convention Center agrees to acquire an Apartment receives, and acknowledges in writing, a written notice of the intended demolition and the fact that the tenant will not be eligible for relocation assistance. If any such tenant does not receive such written notice prior to entering into a rental agreement, then the Convention Center shall provide the relocation payment required by Paragraph 4.8 to such tenant, whether or not a payment was made to the previous tenant of the same unit.
- c. Except as set forth in subsection b. of this Paragraph, in no event shall the Convention Center be obligated under this Agreement to make more than one relocation assistance payment per unit.

4.10 Selection of Housing Providers.

Based on a request-for-qualifications process, the Convention Center selected the following non-profit housing provider organizations for siting, construction or rehabilitation, and tenant relocation services: Housing Resources Group - Seattle, Capital Hill Housing Improvement Program, and Plymouth Housing Group.

4.11 Term of Replacement Housing Affordability.

Low-Income Replacement Housing shall remain affordable at the levels specified in Paragraph 4.3, above, for at least thirty (30) years. During the term of affordability each unit of Replacement Housing shall be rented solely to households with incomes, at the time of initial occupancy, no greater than the percentage of Median Income for which the unit is required to be affordable; however, if a unit remains available for thirty days, notwithstanding diligent efforts to market such unit for a minimum of thirty days to households with incomes at the level indicated in Paragraph 4.3(a), the unit may be rented to any Low-Income Tenant, provided that the rental level remains based at the percentage of Median Income for which the unit is required to be affordable. Each Replacement Housing project shall be subject to a recorded covenant enforceable by the Convention Center and the tenants against the owner of the housing project and its successors that limits rents and occupancy for at least 30 years consistent with Paragraph 4.3.

4.12 Women and Minority Business Enterprise .

Women and Minority Business Enterprise goals shall be established by the Convention Center for the overall expansion effort; there is no requirement imposed by this agreement that Minority and Women's Business Enterprise goals be established specifically for the construction of Replacement Housing.

4.13 Replacement Housing Advisory Committee.

The Convention Center may establish a Replacement Housing Advisory Committee to work collaboratively with the Convention Center on the planning and design of Replacement Housing.

4.14 Housing Bonus/Transfer of Development Rights

The City agrees that Replacement Housing may also qualify for Housing Bonus and Low-Income Housing Transferable Development Rights provision of SMC Chapter 23.49, subject to the provisions of DCLU Director's Rule 20-93 or its successor. Replacement Housing shall be subject to subsidy review and the Convention Center funding shall be considered a public subsidy for purposes of the Public Benefit Features Rule.

5. CITY FINANCIAL CONTRIBUTION

- 5.1 Subject to conditions and in accordance with procedures stated in Paragraph 5.2, the City shall cause public funds in the amount of \$7,500,000 to be contributed to the Convention Center for the Expansion Project.
- 5.2 In the event that the Board of Directors of the Convention Center selects an Expansion Option and determines that the option is financially feasible based on estimated costs of the Expansion Project and committed funding sources, including necessary contributions from third parties:
 - (a) The Convention Center shall notify the City of the Expansion Option selected by delivering to the Mayor of the City a copy of a resolution of the Board of Directors of the Convention Center selecting an Expansion Option, determining that the option selected is financially feasible, confirming the acceptance by the Convention Center of one or more irrevocable commitments by third parties to contribute at least \$7,500,000 to the Expansion Project, in addition to the City contribution, and making an unqualified commitment by the Convention Center that the financial commitment in this MOA shall be the entire financial commitment that will be requested of the City for the Expansion Project. The Convention Center shall provide to the City with the resolution a project budget which, in the sole judgment of the Board of Directors of the Convention Center, shows that the project is financially feasible based on estimated project costs and available funding sources. The copy of the resolution shall be certified by the Secretary of the Board of Directors of the Convention Center as a true and correct copy of a resolution of the board.

- (b) If the Convention Center meets the conditions of Paragraph 5.2(a) above, and if the Convention Center certifies to the City that the Convention Center has awarded one or more contracts for the replacement of all Occupied Low-income Units pursuant to Paragraph 4.6, above, then at the Convention Center's request, the City, within 90 days of the request, shall pay \$2,250,000 to the Convention Center. Each such contract shall specify the total subsidy and the number of units for which the Housing Provider is responsible, and shall require that the Replacement Housing be subject to a recorded covenant enforceable by the Convention Center and the tenants against the owner of the housing project and its successors that limits rents and occupancy for at least 30 years consistent with this the provisions of Section 4 of this Agreement. The City shall pay the remainder of its \$7,500,000 commitment to the Convention Center within 90 days of receipt of a copy of a notice to proceed given to the General Contractor for the construction of the Expansion Project.
- (c) If the conditions for payment of all funds to the Convention Center are not satisfied by December 31, 2002, then the Convention Center shall have no further right to receive such funds.

6. IRREVOCABLE COMMITMENTS AND OFFERS

The commitment of the City to make payments pursuant to Paragraphs 5.1 and 5.2(b), above and the commitments to fix and impose the Hotel Sales Tax, as provided in Section 3, above, and to grant the Convention Center a 30-year lease to manage and operate the Freeway Park Garage, as provided in Section 7 below, shall constitute irrevocable offers and commitments of the City beginning on the date when an ordinance authorizing the City to execute this agreement becomes effective. The offers and commitments of the City specified in the previous sentence shall not be conditioned on the selection by the Board of Directors of the Convention Center of a particular expansion site, and said offers and commitments shall remain open for acceptance by the Board of Directors of the Convention Center for an eighteen-month period following the execution of this agreement by the City of Seattle. Such offers and commitments shall be deemed to be accepted on the date when the Board of Directors of the Convention Center delivers to the Mayor of the City a resolution confirming that the Convention Center has completed all of the following actions: approved this Agreement; selected an Expansion Option; and accepted irrevocable commitments of funding from third parties to contribute at least \$7,500,000 to the Expansion Project; and determined that the selected Expansion Option is financially feasible based on estimated project costs and available funding sources; and provided an unqualified commitment by the Convention Center that the financial commitments in this MOA shall be the entire financial commitment that will be requested of the City for the Expansion Project. The acceptance of the City's offers and commitments is not valid unless the Convention Center's acceptance includes the contractual commitment, as part of this Agreement, to commence and complete the Expansion Project.

7. FREEWAY PARK GARAGE

- 7.1 The City hereby agrees to grant to the Convention Center a 30 year lease to manage and operate the Freeway Park Garage ("the Garage"), within 30 days after the delivery of the Resolution of the Board of Directors as specified in Paragraph 5.2(a). Subject to the terms and conditions of Paragraph 7.2 below, the lease shall authorize the Convention Center to retain operating revenues from the operation of the Garage for the term of the lease, and shall provide for a 30 year renewal option. The Convention Center shall be entitled to set rates and hours of operation of the Garage. Detailed provisions concerning the lease and operation of the Garage by the Convention Center shall be contained in the lease between the parties, which shall supersede this Section 7 of this Agreement. The Lease shall be a written lease ("Lease") substantially in the form attached as Exhibit D and include terms to terminate the lease should the Convention Center cease to be used primarily for public convention purposes, should title to the Convention Center be conveyed other than for purposes of providing and realizing upon security for the financing of the Expansion Project, or should the Convention Center fail to meet its obligations under this section of this Agreement. Nothing in this Agreement shall be construed to prevent the Convention Center from assigning the leasehold interest in the Garage to a trustee for the benefit of holders of Certificates of Participation in payments to be made pursuant to the Financing Contract or to a trustee in the event of a default in payments pursuant to the Financing Contract used to finance the Expansion Project. The City shall reserve a right of access to inspect and for purposes necessary to the operation of the Park located above the Garage, including, at no cost to the City, reservation of 4 parking spaces for the exclusive use by Seattle Parks Department vehicles and exclusive use, without charge, of storage areas customarily occupied by the Seattle Parks Department. In recognition of this Agreement to lease the Garage to the Convention Center, the Department of Administrative Services may negotiate an agreement for the Convention Center to manage the operations of the Garage prior to the execution of the Lease, on a mutually agreeable basis of sharing the receipts from the Garage.
- 7.2 The Convention Center shall make payments from the Gross Receipts of the Garage to the City equal to the City's principal and interest payments on the debt service for the Garage, with payments due 45 days prior to the date when debt service is due, as set forth in Exhibit B attached hereto and incorporated herein by this reference. The existing City debt service on the Garage shall remain a first lien and charge on the Gross Receipts of the Garage. The Convention Center may assume control of the Garage under the terms of the Lease thirty days following the delivery to the Mayor of the resolution described in Paragraph 5.2(a) above and execution of the Lease. After execution of the Lease, the Convention Center shall have the right to retain all operating revenues from the Garage, after paying the debt service as set forth in Exhibit B, except for any deposits to a reserve account required by Paragraph 7.3 below. The Convention Center shall have an option to renew the lease for an additional thirty years, subject to the conditions contained in the Lease, which shall include, at a minimum, that the terms of this Section are met during the Lease term and the expanded Convention Center remains in operation at the date that the Convention Center exercises its option in the Lease to renew.. If the Convention Center fails to make the Expansion Project operational by December 31, 2002, the compensation to the City under the terms of the lease shall be 20% of the Gross Receipts plus debt

service. If the Expansion Project subsequently becomes operational, the compensation to the City shall revert to payments equal to the City debt service for the Garage. The City may, at its sole discretion and provided the Expansion Project is still not operational, terminate the lease at any time once the Convention Center obligations under the Financing Contract cease to be outstanding.

- 7.3 The City shall establish a reserve account, which may at the City's option be in the City Treasury, for the purposes described in Paragraph 7.4 below. The reserve shall be funded by the Convention Center by, at the election of the Convention Center:
- a. Paying to the City for deposit in the account \$500,000 from the sale of instruments for financing the Expansion Project; or,
 - b. Paying to the City for deposit in the account 10% of any annual Net Operating Revenue above the projections in Exhibit C, up to \$20,000 per year, until the account balance including interest on invested account funds reaches \$500,000.

After the reserve account balance reaches \$500,000, payments to the City for deposit to the account pursuant to Paragraph 7.3(b) above shall be made annually by the Convention Center to the extent necessary, after payments from the account, to restore the balance to \$500,000.

- 7.4 The reserve account established in Paragraph 7.3 shall be used for structural repair purposes and the City may draw upon the account, for payment of structural repair obligations of either the City or the Convention Center, as delineated in Paragraph 7.5, subject to the concurrence of the other party, during the life of the Lease. Any funds remaining in the reserve account at the termination of the lease and any extension thereto, shall become the sole property of the City .
- 7.5 The City will be responsible for maintenance and repair of all supporting structures of the Garage providing subjacent and lateral support for properties adjoining the Garage. The Convention Center will be responsible for cleaning and all other maintenance and repair of the Garage, including the foundation, columns, girders, beams, supports, slabs, walls, floors, stairs, and driveways.

- 7.6 The City will bear the risk of loss of the complete or partial destruction or condemnation of the Garage, with no obligation to compensate the Convention Center for any loss of income under its lease. The Convention Center will not be liable for any loss, damage, or destruction of the Garage, except loss, damage, or destruction caused directly by the waste, or willful or negligent action of the Convention Center or failure of the Convention Center to perform its obligations under this Section 7. The City shall not be obligated to restore the functionality of the Garage in event of loss, damage or destruction. The Lease shall include terms to indemnify the City regarding personal injury and property damage arising out of the Convention Center's operation of the Garage or for any environmental hazards caused during the term of the lease. The lease shall specify that the Convention Center shall not store hazardous materials in the Garage and shall notify the City immediately of any release of hazardous materials.
- 7.7 With the prior written approval of the City, the Convention Center, at its sole cost, shall have the right to make major modifications to the Garage, including but not limited to one or more interior vehicular and/or pedestrian connections to the Convention Center parking garage, and shall be allowed to integrate the Garage operations with the Convention Center parking garage and operate the two garages as a single facility. The agreement to allow this modification must specify how the Gross Receipts and Net Operating Revenue of the Garage, for the purposes specified in Paragraphs 7.2 and 7.3, above, shall be determined in the integrated operation.
- 7.8 The Convention Center shall offer positions of employment, under the personnel rules of the Convention Center, within the Garage, to the permanent City staff who are currently employed in the Garage, up to the total hours of additional staffing that the Convention Center requires to operate the expanded garage.

8. PERMITTING AND VACATION PROCESS

- 8.1 To facilitate coordination and cooperation between the City and the Convention Center in connection with the Expansion Project under either option, the City and the Convention Center will each name a designated project liaison. The City's designated representative will act as the project liaison with the DCLU, DHHS, Engineering and with all other concerned City departments. The designated City representative will facilitate expedited project review through the DCLU, DHHS, Engineering and all other concerned City departments consistent with the City's prioritization of significant economic development and affordable housing projects and will attend meetings of the Convention Center Design Committee during the period of design and construction of the Expansion Project. The substantive authority for decisions shall remain as designated by applicable laws and City ordinances and shall not be assumed by the designated representative.
- 8.2 The City hereby agrees to expedite its activities in connection with the Expansion Project and Replacement Housing, including the scheduling for consideration and decision making concerning issuance of permits and the vacation and other use of streets, alleys and air rights.

- 8.3 The City and the Convention Center agree, pursuant to SMC Sections 15.62.030 and .090, that the Convention Center as an agency of the state is exempt from payment of any portion of the appraised value of the area to be vacated (if any street vacation is granted), but the Convention Center shall pay to the City all costs incurred by the City in processing the vacation request. The City and the Convention Center also agree that the Task Force Recommendations for the City contribution for the East Site were based upon an estimated payment to the City for any vacated right-of-way, and in order for the City contribution to remain consistent with the Task Force's recommendation, the Convention Center, if it expands on the East Site, shall pay the City an amount equal to the estimated value of any vacated right-of-way, as determined in the Task Force Recommendations, no later than the effective date of the ordinance granting the vacation.
- 8.4 The City recognizes that the Convention Center, through amendments to the contract rezone of its property and the related Property Use and Development Agreement ("PUDA") under Ordinances 115663, 116743, 117006, and 117095, through its contribution to low-income housing at the Eagles Building qualifying for housing bonus, and through its receipt of transferable development rights (TDRs) from the Eagles Building under the Low-Income Housing / Landmark Performing Arts Theater TDR provisions of the Land Use Code, currently has development rights in the amount of 705,000 square feet on the current convention center site. The City further recognizes that the purpose of the acquisition of these development rights was to develop a major hotel development to support the convention center program. The North Option would relocate the hotel development from the current site to the North Site as part of the Expansion Project, with reduced development on the current site. The Convention Center might propose to amend the PUDA and the related contract rezone to reduce the potential development on the existing site, and might propose to use some or all of the housing bonus generated by its contribution to the Eagles project, together with some or all of the transferable development rights from the Eagles site, on the North Site, subject to applicable provisions of the Land Use Code and Public Benefit Features Rule. In approving this agreement by ordinance, the City Council expresses its judgment, pursuant to SMC 23.76.058, that such proposed amendments would be within the spirit and general purpose of, and would not represent a major departure from, the terms of the existing contract rezone and PUDA. The City Council does not, however, express any judgment on the merits of any such proposed amendment, which the Council would consider after written notice and an opportunity to comment is provided pursuant to SMC 23.76.058.
- 8.5 The Convention Center and the City agree that the North Expansion Option shall include at a minimum, in addition to the exhibit hall located 4 stories above grade and the necessary supporting structure and exit facilities, a complete podium structure of mixed-use appropriate to the zoning of the site, such as hotel, office, retail and parking. Significant retail frontage, or other similar pedestrian oriented use on Pike Street, Pine Street, and 7th Avenue developed coincident to the construction of the new exhibit hall, shall be a minimum, but not necessarily sufficient, condition for City approval of any aerial vacation of City streets.

- 8.6 The Convention Center is the lead agency for the development and publication an Environmental Impact Statement (EIS) for the Expansion Project proposal. The EIS will address impacts and mitigation measures for a range of alternatives including: 1) an east expansion alternative; 2) a north expansion alternative, and 3) a no action alternative. The parties hereto have determined that this Agreement is categorically exempt from SEPA under WAC 197-11-800(15) and (16) since it provides for taxation issues as well as interagency financial assistance. The Agreement may proceed prior to the EIS completion under WAC 197-11-070 since this Agreement does not itself result in any environmental impacts, and does not limit the choice of reasonable alternatives. The Agreement is necessary to make the proposal sufficiently definite to allow meaningful environmental review, under WAC 197-11-055(2)(a)(ii). Nothing in this Agreement shall be construed to foreclose the Convention Center's selection of any alternative, nor shall it be construed to prejudice the outcome of any permits or approvals requested from the City.

9. GENERAL PROVISIONS

9.1 Amendment.

The provisions of this Agreement, other than the irrevocable commitments specified in Section 6 above, may be amended at any time by written amendment executed by City and the Convention Center or by the provisions of Paragraph 9.7 below; provided, to the extent allowable by law, that the commitments and offers specified in Section 6 above, if accepted in a timely manner in accordance with this Agreement, shall continue in full force and effect so long as any payment obligations of the Convention Center under the Financing Contract for financing the Expansion Project remain outstanding.

9.2 Choice of Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Washington.

9.3 Captions.

The Section captions used in this Agreement are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

9.4 Genders.

The use of any gender herein shall be deemed to include the other gender, and the use of the singular herein shall be deemed to include the plural and vice versa, wherever appropriate.

9.5 Attorney's Fees.

If legal action, other than arbitration as provided in Paragraph 9.8 below, is commenced involving any provision of this Agreement, reasonable attorneys' fees and costs shall be awarded to the substantially prevailing party.

9.6 Entire Agreement

This Agreement contains the entire Agreement of the parties hereto with respect to the subject matter hereof, and supersedes all previous agreements, written or oral, between the parties hereto with respect to the subject matter hereof.

9.7 Severability.

The invalidity of any clause, part or provision of this Agreement shall not affect the validity of all remaining portions thereof that are severable from the invalid clause, part or provision.

9.8 Arbitration.

All disputes relating to the interpretation, application, violation or enforcement of this Agreement shall be arbitrated by a panel of three arbitrators; except that the irrevocable commitments specified in Section 6 above, provisions of the Lease executed under Section 7, amendments pursuant to Paragraph 9.1, and actions for specific performance pursuant to Paragraph 9.9 shall not be subject to arbitration.

Either party may initiate arbitration by sending written notice to the other.

In the event an arbitration is initiated by either party, each party has fifteen (15) days from the date of receipt of written notice, to provide to the other party in writing, a list of six persons qualified to serve as arbitrators with no affiliation or relationship with either party that would tend to affect the person's ability to act as a neutral arbitrator, and acceptable to that party.

The City and Convention Center shall mutually select three arbitrators from the lists within five (5) days after the exchange of proposed arbitrators information. If the City and Convention Center are unable to agree upon these arbitrators within the time specified herein, then the arbitrators shall be appointed by the Presiding Judge of the King County Superior Court.

After the arbitrators have been selected, they shall take an oath to serve as neutral and impartial parties. The arbitrators shall then schedule such discovery or other exchange of documents and information as is appropriate to the issue and a date, time and place for hearing the presentations of the City and the Convention Center. The hearing shall occur not less than one hundred (100) days after the appointment of the arbitrators except for good cause shown. The arbitrators shall make a written report to the City and the Convention Center on their final determination within thirty (30) days after completion of the hearing. The determination of the arbitrators shall constitute a final arbitration determination.

The arbitration shall be conducted in Seattle, Washington, in accordance with the then-existing rules of the American Arbitration Association (AAA), except where inconsistent with this Agreement, but not under the auspices or control of the AAA unless the parties so agree. Judgment upon any award by the arbitrators may be entered by the state or federal court having jurisdiction.

The cost of the arbitration shall be divided equally between the City and the Convention Center. Each party shall be responsible for its own costs.

9.9 Termination.

In the event of a material breach of this Agreement by the Convention Center, the City may, without limitation, exercise all rights and remedies provided for herein or otherwise available under the law, including termination of the Agreement, except that the commitments and offers specified in Section 6 above, if accepted in a timely manner in accordance with this Agreement, shall continue in full force and effect so long as any payment obligations of the Convention Center under the Financing Contract for financing the Expansion Project remain outstanding. The Lease executed under Section 7, above, shall be governed by the termination provisions of the Lease.

Without additional limitation, the following shall constitute material breaches of this Agreement:

Failure to meet the obligation of constructing Replacement Housing for Occupied Low-Income units prior to the demolition of the Apartments as established in Paragraph 4.6;

Failure to open the Expansion Project facilities of the Convention Center by December 31, 2002, unless extended by mutual agreement of the City and the Convention Center;

Failure to provide tenant relocation assistance as required by Paragraph 4.8;

In the event the City intends to terminate this Agreement pursuant to the previous subsection, the City shall provide a written notice to cure, identifying the nature of the breach with reasonable specificity, and advising the Convention Center of the City's intent to terminate the Agreement. All further actions shall conform to the following procedures:

The Convention Center shall, within thirty (30) days after receipt of such notice or such longer period of time as the City may specify in such notice, either cure such alleged failure or, in a written response to the City, either present facts and arguments in refutation or excuse of such alleged failure or state that such alleged failure will be cured and set forth the method and time schedule for accomplishing such cure.

The City shall determine (i) whether a failure to comply with a material provision has occurred; (ii) whether such failure is excusable; and (iii) whether such failure has been cured or will be cured by the Convention Center. The Convention Center shall make available to the City, if requested, any records, documents or other information necessary to make the determination.

If the City determines that a failure to comply with a material provision has occurred and that such failure is not excusable and has not been or will not be cured by the Convention Center in a manner and in accordance with a schedule reasonably satisfactory to the City, then the Mayor shall so notify the City Council in a written report which may recommend action to be taken by the City Council. The City shall provide notice and a copy of such report to the Convention Center. In the event that the City determines that such failure has not occurred, or that such failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the City, or that such failure is excusable, such determination shall conclude the investigation.

Any termination of this Agreement shall be by ordinance adopted by the City Council; provided, however, before any such ordinance is adopted, the Convention Center must be given at least thirty (30) days advance written notice, which notice shall set forth the causes and reasons for the proposed termination and cancellation, shall advise the Convention Center that it will be provided an opportunity to be heard by the City Council regarding such proposed action before any such action is taken, and shall set forth the time, date, and place of the hearing.

The enumeration of material Agreement provisions set forth in this Section is not exhaustive and shall not be invoked under any guideline for contract interpretation to narrow the scope of other material terms, violation of which would be a material breach of this Agreement.

9.10 Non-Waiver.

Neither party here to shall be relieved of its obligations to comply, promptly and completely, with any provision of the Agreement by reason of any failure of the other party to promptly enforce compliance with this Agreement, nor does the other party waive or limit any of its rights under this Agreement by reason of such failure or neglect.

9.11 Force Majeure.

Each of the Parties to this Agreement shall have no liability to the other party, nor shall the City have the right to terminate this Agreement, as a result of any failure or delay of the first party ("Defaulting Party") to perform its obligations hereunder if such failure or delay is caused by factors beyond the control of the Defaulting Party, including without limitation, war, civil disturbance, flood or other Act of God, laws, regulations, sabotage, strikes, failure or delay in transportation, labor, or the unavailability of any product or material necessary to the performance hereof, provided that the Defaulting Party has exercised all due care to prevent the occurrence of such events which are reasonably foreseeable, including without limitation, actively pursuing alternative products, materials, and means of transportation. In the event that delay in performance or failure to perform affects only part of the Defaulting Party's capacity to perform, then the Defaulting Party shall perform to the extent it is reasonably able to do so. In correcting any causes of nonperformance or delay, and in effecting any partial performance, the Defaulting Party shall take all necessary corrective actions as expeditiously as possible.

9.12 ASSIGNMENT.

The Parties may not assign their rights, interests, obligations and duties under this Agreement, except that the Convention Center may assign for the benefits of holders of instruments issued to finance the Expansion Project its rights, interest, and obligations, including the right to enforce the imposition of the Hotel Sales Tax pursuant to Section 3 above, its right to receive the City financial contribution pursuant to Section 5 above, and its rights with respect to the Freeway Park Garage pursuant to Section 7 above.

9.13 Notice.

Any notice provided for under this Agreement shall be sufficient if in writing and delivered personally to the following addressee or deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed as follows, or to such other address as the receiving party specifies in writing:

If to the City: Mayor
City of Seattle
12th Floor
Municipal Building
600 Fourth Avenue
Seattle, Washington 98104

If to the Convention Center: President
Washington State Convention and Trade Center
800 Convention Place
Seattle, Washington 98101

10. EXHIBITS

- Exhibit A: Schedule of Debt Service on Freeway Park Garage**
- Exhibit B: Projected net revenue from Freeway Park Garage**
- Exhibit C: Draft Lease for Freeway Park Garage**

EXECUTED the dates shown below..

THE CITY OF SEATTLE

By:

Norman Rice

Date:

10/7/96

THE WASHINGTON STATE CONVENTION AND TRADE CENTER

By:

James R. Ellis

Date:

WASHINGTON STATE CONVENTION AND TRADE CENTER
ACKNOWLEDGMENT

STATE OF WASHINGTON

SS.

COUNTY OF KING

On this *8th* day of *October*, 1996, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared *James R. Ellis*, to me personally known (or proven on the basis of satisfactory evidence) to be the *Chairman* of the Washington State Convention and Trade Center, a Washington public non-profit corporation, the corporation that executed the within and foregoing instrument and acknowledged 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 he/she was authorized to execute said instrument.

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

Print Name:

Cheryl Fountain
Cheryl L Fountain

(seal or stamp)

NOTARY PUBLIC in and for the State of
Washington residing at *Woodinville, WA*
My Commission expires: *10-19-96*

CITY OF SEATTLE ACKNOWLEDGMENT

STATE OF WASHINGTON

SS.

COUNTY OF KING

On this 7 day of October, 1996, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared N. Rice, to me personally known (or proven on the basis of satisfactory evidence) to be the Mayor of the City of Seattle, the municipal corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

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

Print Name:

S. (Sally) MULVIHILL

NOTARY PUBLIC in and for the State of
Washington residing at SEATTLE
My Commission expires: 5/15/99

(seal or

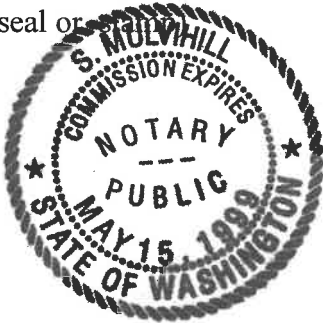


EXHIBIT A

Debt Service Schedule for Freeway Park Garage

Date	Payments Principal	Payments Interest	Total Payment Due	Bonds Due Numbers	Balance
8/1/1996	\$180,000.00	\$39,400.00	\$219,400.00	415-450	\$1,300,000.00
2/1/1997		\$34,360.00	\$34,360.00		\$1,300,000.00
8/1/1997	\$190,000.00	\$34,360.00	\$224,360.00	451-488	\$1,110,000.00
2/1/1998		\$29,040.00	\$29,040.00		\$1,110,000.00
8/1/1998	\$200,000.00	\$29,040.00	\$229,040.00	489-528	\$910,000.00
2/1/1999		\$23,440.00	\$23,440.00		\$910,000.00
8/1/1999	\$210,000.00	\$23,440.00	\$233,440.00	529-570	\$700,000.00
2/1/2000		\$17,560.00	\$17,560.00		\$700,000.00
8/1/2000	\$220,000.00	\$17,560.00	\$237,560.00	571-614	\$480,000.00
2/1/2001		\$11,400.00	\$11,400.00		\$480,000.00
8/1/2001	\$235,000.00	\$11,400.00	\$246,400.00	615-661	\$245,000.00
2/1/2002		\$5818.75	\$5818.75		\$245,000.00
8/1/2002	\$245,000.00	\$5818.75	\$250,818.75	662-710	.00

Exhibit B

Freeway Park Garage Net Income

1997	52,000
1998	54,080
1999	56,243
2000	58,493
2001	60,833
2002	63,266
2003	350,000
2004	364,000
2005	378,560
2006	393,702
2007	409,450
2008	425,829
2009	442,862
2010	460,576
2011	478,999
2012	498,159
2013	518,085
2014	538,809
2015	560,361
2016	582,776
2017	606,087
2018	630,330
2019	655,543
2020	681,765



City of Seattle

Norman B. Rice, Mayor

Executive Services Department
Dwight D. Dively, Director

February 10, 1997

City Clerk's Office
Room 104 Municipal Building

Please add the attached file to Ordinance 118225. If you have any questions, please contact Matt Lampe at 684-0504.

Sincerely,

A handwritten signature in blue ink that reads "Janet Krogh".

Janet Krogh

FILED
CITY OF SEATTLE
97 FEB 10 PM 2:36
CITY CLERK

600 Fourth Avenue, Room 103, Seattle, WA 98104-1891, <http://www.ci.seattle.wa.us>

Tel: (206) 684-0484, TDD: (206) 233-7810, FAX: (206) 684-0188

An equal-employment opportunity, affirmative action employer. Accommodations for people with disabilities provided on request.



January 14, 1997

RECEIVED
97 JAN 14 PM 2:25
CITY OF SEATTLE
MAYOR'S OFFICE

Honorable Norm Rice
Mayor, City of Seattle
12th Floor
Municipal Building
600 Fourth Avenue
Seattle, Washington 98104

RE: Expansion of Washington State Convention and Trade Center

Dear Norm:

I am writing pursuant to the terms of the Memorandum of Agreement ("MOA"), dated October 7, 1996, between the City of Seattle ("City") and the Convention Center ("WSCTC") concerning the WSCTC expansion project. The obligations of the City under the MOA depend upon the WSCTC notifying the City that the WSCTC is proceeding with the expansion project, and by this letter I am advising you that the WSCTC is proceeding with the project.

Enclosed are copies of the following resolutions of the WSCTC Board of Directors ("Board") and other documents which meet the requirements of paragraphs 5.2 and 6 of the MOA:

1. Resolution No. 406, in which the Board approved the MOA;
2. Resolution No. 409, in which the Board (a) determined to expand the Convention Center pursuant to the 'north expansion alternative' ("Expansion Project"), (b) determined that expansion pursuant to the north alternative is financially feasible, (c) and made an unqualified commitment by the Convention Center that the financial commitment in the MOA shall be the entire financial commitment that will be requested of the City for the Expansion Project;
3. Resolution No. 408, in which the Board accepted the irrevocable commitment of the R.C. Hedreen Co. to contribute at least \$7,500,000 to the Expansion Project, in addition to the City contribution; and

01/14/97

4. A copy of the project budget showing that the project is financially feasible based on the estimated project costs and available funding sources.

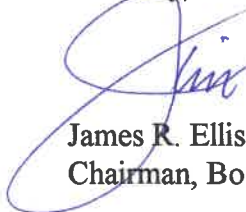
In addition, pursuant to the provisions of paragraph 5.2(b) of the MOA, I hereby certify to the City that the WSCTC has awarded contracts to Housing Resources Group and Capitol Hill Housing Improvement Program for the replacement of all of the units of low income housing that will be demolished in the Expansion Project. Each contract specifies the rent subsidy and number of units that each housing provider is responsible to develop, and each contract requires that the replacement housing be subject to a recorded covenant enforceable by the WSCTC and the tenants against the owner of the housing project and its successors that limits rent and occupancy for at least thirty years consistent with the provisions of section 4 of the MOA. I hereby request that the City pay to the WSCTC within ninety days of the date of this request the initial payment of \$2,250,000 as provided for in paragraph 5.2(b) of the MOA.

In addition, pursuant to the provisions of section 6 of the MOA, I hereby certify to the City that the Convention Center's acceptance of the City's offers and commitments includes a contractual commitment of the WSCTC, as part of the MOA, to commence and complete the Expansion Project.

Finally, the MOA, and Ordinance 118225 approving the MOA, provide for the City to lease the Freeway Park Garage to the WSCTC. The MOA and Ordinance 118225 authorize the execution of the Lease Agreement by the City upon delivery to you of the WSCTC resolutions that I am delivering to you with this letter. Therefore, I request that the City now execute the Freeway Park Garage Lease Agreement. It would be very helpful to the WSCTC in connection with its financing of the expansion project if the City would expedite the execution of the Lease Agreement.

Thank you for the continuing, invaluable contributions of the City to this important public project.

Sincerely,




James R. Ellis
Chairman, Board of Directors

cc: Honorable Jan Drago, President, City Council
Matt Lampe

I, Sharon Ducey, Corporate Secretary of the Washington State Convention & Trade Center, do hereby certify that the following is a true and accurate copy of Resolutions No. 406, No. 408 and No. 409 of the Board of Directors of the Washington State Convention & Trade Center duly adopted at a regular meeting of the Board of Directors.

Dated: January 8, 1997


Sharon Ducey
Corporate Secretary

Adopted by WSCTC Board of Directors, August 7, 1996

RESOLUTION NO. 406

A RESOLUTION OF THE BOARD OF DIRECTORS ("BOARD") OF THE WASHINGTON STATE CONVENTION & TRADE CENTER ("WSCTC") AUTHORIZING EXECUTION OF (1) A MEMORANDUM OF AGREEMENT WITH THE CITY OF SEATTLE ("CITY") IN CONNECTION WITH THE EXPANSION PROJECT AND (2) AN AGREEMENT WITH THE CITY FOR THE LEASE BY THE WSCTC OF THE FREEWAY PARK GARAGE

RECEIVED
97 JAN 14 PM
CITY OF SEATTLE
MAYOR'S OFFICE

A. WHEREAS, in § 148, chapter 6, Laws of 1994 Sp. Sess., the Washington State Legislature ("Legislature") authorized and funded a study of the feasibility of expanding the Convention Center and a legislative task force ("Task Force") was appointed to implement the study; and

B. WHEREAS, the City appointed members to participate on the Task Force and City staff actively participated in the feasibility analysis for Convention Center expansion; and

C. WHEREAS, the Task Force adopted its final report (the "Expansion Development Study") in January, 1995 and, in the "Task Force Recommendations," the Task Force recommended expansion of the Convention Center pursuant to one of two alternative expansion options, the "East Expansion Option" or the "North Expansion Option" (collectively the "Expansion Options"); and

D. WHEREAS, in RCW 67.40.020, as amended in 1995, the Legislature authorized the expansion of the Convention Center as recommended by the Task Force ("Expansion"); and

E. WHEREAS, the WSCTC and the City have negotiated a Memorandum of Agreement ("MOA") which includes, among other provisions, provisions meeting certain requirements established by the Legislature for Expansion; and

F. WHEREAS, the Legislature provided in RCW 67.40.130 that most of the cost of the Expansion should be paid with moneys collected from a hotel sales tax which the Legislature authorized the City to impose, and in the MOA the City commits to impose the hotel sales tax authorized by the Legislature; and

G. WHEREAS, in RCW 67.40.180, the Legislature prohibited the Convention Center from expending moneys for expansion, other than expenditures for certain preliminary activities, prior to acceptance by the WSCTC of an irrevocable commitment for \$15,000,000 in funding from public or private participants consistent with the Task Force Recommendations, and in the MOA the City commits to contribute \$7,500,000 to the costs of the Expansion, consistent with the Task Force recommendations; and

H. WHEREAS, the Task Force also recommended that a portion of the costs of Expansion should be provided from the revenues produced by the Freeway Park Garage, and in the MOA the City commits to provide such revenues to the WSCTC by making a thirty-year, renewable lease of the Freeway Park Garage to the WSCTC; and

I. WHEREAS, the commitments of the City in the MOA to (1) impose the hotel sales tax, (2) contribute \$7,500,000 to the costs of Expansion, and (3) lease the Freeway Park Garage to the WSCTC are irrevocable commitments within the meaning of RCW 67.40.180, conditioned only upon the WSCTC (1) approving the MOA, (2) selecting an Expansion Option and contractually committing as part of the MOA to commence and complete the Expansion, (3) accepting one or more irrevocable commitments of third parties to contribute at least \$7,500,000 to the Expansion, (4) determining that the Expansion is financially feasible, and (5) providing to the City an unqualified commitment by the WSCTC that the financial commitments of the City in the MOA are the entire financial commitments that will be requested of the City for the Expansion; and

J. WHEREAS, in Resolution No. 376, adopted by the Board on February 22, 1995, the WSCTC committed to replace all low income residential housing that is demolished as a result of the Expansion with housing that is as good or better, and equally affordable, as the housing demolished, to replace all occupied low-income housing with replacement units before the occupied units are demolished, and to pay adequate and reasonable relocation expenses to tenants who are relocated due to the Expansion; and

K. WHEREAS, the MOA includes appropriate agreements of the WSCTC and City to implement the foregoing commitments of the WSCTC concerning replacement housing and tenant relocation; and

L. WHEREAS, in the MOA, the City has committed to facilitate Convention Center Expansion by expediting the processing, consideration and decision-making concerning the necessary permits and approvals for Expansion and replacement housing, including all land use and construction permits, and all permits and approvals for skybridges, vacation of street, alley and air rights, and by designating a project liaison to expedite Expansion project review in all concerned City departments and attend meetings of the WSCTC Design Committee during the period of project design and construction; and

M. WHEREAS, in the MOA, the City agrees that the WSCTC is exempt from payment of any portion of the appraised value of any area vacated pursuant to a street vacation, and the WSCTC need only pay the City's cost of processing the vacation request; and

N. WHEREAS, the MOA contains other provisions which will be useful to the WSCTC in connection with the Expansion project; and

O. WHEREAS, in Council Bill No. 11329, adopted on August 5, 1996, the Seattle City Council approved the MOA and authorized the Mayor to execute the MOA; and

P. WHEREAS, to effectuate the City's commitment in the MOA to lease the Freeway Park Garage to the WSCTC, the City and the WSCTC have negotiated appropriate lease terms and conditions, stated in Special Terms and Conditions and General Terms and Conditions (collectively "Lease Agreement") to be effective on January 1, 1997, and, in the aforementioned Council Bill No. 11329, the Seattle City Council approved said Lease Agreement and authorized its execution after the WSCTC meets the conditions specified in paragraph I above; and

Q. WHEREAS, the WSCTC desires to operate the Freeway Park Garage pursuant to the Lease Agreement, and the WSCTC should integrate the operations of the Freeway Park Garage with the WSCTC Garage by connecting the two garages and consolidating their operations; and

R. WHEREAS, the Board intends that nothing in this Resolution, in the MOA, or in the Lease Agreement shall limit the Board, after issuance of a final environmental impact statement, from choosing any reasonable expansion alternative or the no action alternative;

NOW, THEREFORE, BE IT RESOLVED by the WSCTC Board of Directors that the Memorandum of Agreement with the City of Seattle is approved and the Chairman is authorized to execute the MOA substantially in the form presented to the Board at its meeting on August 7, 1996; and

BE IT FURTHER RESOLVED by the WSCTC Board of Directors that the Lease Agreement, including the Special Terms and Conditions and the General Terms and Conditions, is approved and the Chairman is authorized to execute the Lease Agreement substantially in the form presented to the Board at its meeting on August 7, 1996; and

BE IT FURTHER RESOLVED, that the Board intends that nothing in this Resolution, in the MOA, or in the Lease Agreement shall limit the Board, after issuance of a final environmental impact statement, from choosing any reasonable expansion alternative or the no action alternative.

Adopted by WSCTC Board of Directors, October 2, 1996

RESOLUTION NO. 409

A RESOLUTION OF THE BOARD OF DIRECTORS
("BOARD") OF THE WASHINGTON STATE
CONVENTION & TRADE CENTER ("WSCTC")
AUTHORIZING EXPANSION OF THE WSCTC
FACILITIES, SELECTING AN EXPANSION SITE
AND AUTHORIZING FINANCING FOR THE
EXPANSION PROJECT

WHEREAS, in § 148, chapter 6, Laws of 1994 Sp. Sess., the Washington State Legislature ("Legislature") authorized a study of the feasibility of expanding the Convention Center, and a legislative task force ("Task Force") was appointed to conduct the study, which was supported by a team of professional consultants; and

WHEREAS, the Task Force completed its work and adopted its "Expansion Development Study" report, dated December 23, 1994, and its "Task Force Recommendations," dated December, 1994, in which the Task Force recommended that the WSCTC be expanded to add 100,000 to 125,000 square feet of contiguous or connected exhibit hall space; and

WHEREAS, thereafter, in RCW 67.40.020, as amended in chapter 386, Laws of 1995, the Legislature authorized the expansion of the Convention Center in accordance with the Task Force's recommendations; and

WHEREAS, the Board finds that, as the Task Force concluded in its Recommendations, the Convention Center must expand its heavy load exhibit space at this time to assure future ability to maintain the economic and civic benefits of the WSCTC; and

WHEREAS, the Task Force analyzed the nine expansion alternatives in its Expansion Development Study, including alternatives for expansion to the south and west, and multiple alternatives for expansion to the north and east, and recommended that the expansion proceed pursuant to one of two alternatives, the North Expansion Alternative ("North Alternative") or the East Expansion Alternative ("East Alternative"); and

WHEREAS, beginning in September, 1995, the Design Committee of the Board conducted a second round of research on potential expansion alternatives; and

WHEREAS, in September, 1995, the WSCTC, as the lead agency, initiated a process of environmental review of expansion alternatives, including the North Alternative, the East Alternative, and the No Action Alternative, pursuant to the provisions of the State Environmental Policy Act ("SEPA"), chapter 43.21C RCW, and the rules promulgated pursuant to that act, chapters 197-11 and 140-09 WAC; and

WHEREAS, the WSCTC environmental review of expansion alternatives was conducted under the direction of the President/General Manager, formerly known as the "Administrator," who is the responsible official for WSCTC expansion SEPA compliance under the provisions of WAC 197-11-910; and

WHEREAS, beginning on October 19, 1995, the WSCTC conducted an expanded scoping process by publishing and mailing to interested parties a Notice of Scoping and a Determination of Significance, and a Request for Comments on Scope of EIS and Public Meeting, both dated October 16, 1995, and the WSCTC also distributed informational pamphlets and comment sheets, and held a public open house on November 13, 1995, at

which numerous comments were provided by members of the public about the scope of environmental review, and the WSCTC received 57 scoping letters or comment sheets and two petitions during the expanded scoping process; and

WHEREAS, the President/General Manager determined that a Draft Environmental Impact Statement ("DEIS") was adequate and complied with SEPA rules and directed that it be published, and the DEIS was published on April 2, 1996; and

WHEREAS, on April 24, 1996, the Board held a public meeting/hearing on the DEIS, and on May 15, 1996, the Board held a public hearing on the DEIS, and numerous comments on the DEIS were received on both occasions, and many other comments on the DEIS were received during the comment period established by the Board, which comment period included the required thirty days and a fifteen-day extension; and

WHEREAS, in a report entitled "Expansion Alternatives," dated May 22, 1996, the Design Committee of the Board found that expansion alternatives to the west and south, and on a separated site, were not feasible and should not be further studied, and the Board adopted these findings in Resolution No. 399 on June 21, 1996; and

WHEREAS, in Resolution No. 399, the Board also established criteria for selection of an expansion site alternative, including the economic benefits produced by the alternative, the impacts of the alternative on the community and the measures available to mitigate those impacts, the impact of the alternative on the urban fabric of the surrounding community even after the mitigation measures, the impact of the alternative on general tax revenues, and the extent to which the alternative meets pertinent legal and financial requirements; and

WHEREAS, in Resolution No. 399, the Board designated the North Expansion Alternative as the preferred alternative; and

WHEREAS, the President/General Manager determined that a Final Environmental Impact Statement ("FEIS") was adequate and complied with SEPA rules and directed that it be published, and the FEIS was published on September 3, 1996; and

WHEREAS, the President/General Manager has submitted to the Board his report, dated October 2, 1996, in which he determines that the DEIS and FEIS provide an impartial discussion of all significant environmental impacts arising from the proposed expansion, of reasonable alternatives, and of mitigation measures that will avoid or minimize adverse impacts, and that the FEIS addresses or responds to comments on the DEIS to the extent appropriate, and that the DEIS and FEIS provide the Board with an adequate means of assessing the environmental impact of the proposed expansion; and

WHEREAS, the Board has carefully considered the impacts, alternatives, and mitigation measures discussed in the DEIS and FEIS and the comments on the DEIS, and the Board finds that the criteria for selection of an expansion site alternative specified in the Design Committee Expansion Report and adopted in Resolution No. 399 continue to be the appropriate criteria for selection of an expansion site alternative; and

WHEREAS, the Board has carefully considered the Task Force Expansion Development Study, the Task Force Recommendations, the Expansion Alternatives Report of the Board's Design Committee, and other pertinent data and information brought to the Board's attention from time to time; and

WHEREAS, the Board finds that the No Action Alternative would fail to achieve the economic and civic goals of the legislation which authorized expansion, chapter 386, Laws of 1995, and, for the reasons stated in the Expansion Alternatives report, the south, west, and separated sites are not feasible; and

WHEREAS, the Board finds that while the North and East Alternatives could produce equally functional exhibit hall expansion space and generate the same economic benefits, the North Alternative and its ancillary mitigating structure will produce greater civic benefits and fewer adverse environmental and other impacts than the East Alternative, as discussed in the Expansion Alternatives Report and the FEIS, and that only the North Alternative meets the legal and financial requirements of chapter 386, laws of 1995; and

WHEREAS, the Board finds that the North Alternative will provide the WSCTC with expanded facilities that will allow the WSCTC to compete successfully in the national convention market; and

WHEREAS, the Board finds that the expansion project under the North Alternative ("Expansion Project") is financially feasible; and

WHEREAS, in RCW 67.40.180, the Legislature limited Convention Center expansion expenditures to preliminary design and planning activities, environmental studies, and real estate appraisals, prior to acceptance by the WSCTC of irrevocable commitments of contributions from public or private participants consistent with the Task Force recommendations; and

WHEREAS, in Resolution No. 406, adopted on August 7, 1996, the Board approved

a Memorandum of Agreement ("MOA") with the City of Seattle ("City") in which, the City irrevocably commits to contribute at least \$7,500,000 to pay costs of WSCTC expansion; and

WHEREAS, the WSCTC and R.C. Hedreen Co. ("Hedreen") have negotiated an Option, Purchase and Development Agreement ("Development Agreement") in which Hedreen irrevocably commits to pay at least \$7,500,000 of WSCTC Expansion Project costs; and

WHEREAS, the Board concludes that the foregoing commitments of the City of Seattle and Hedreen satisfy the requirements of RCW 67.40.180 for expenditures to carry out the Expansion Project; and

WHEREAS, no financial commitments of the City beyond those contained in the MOA shall be requested of the City or required for the Expansion Project; and

WHEREAS, at its meeting on October 2, 1996, the Board adopted a resolution approving the Development Agreement with Hedreen, and authorized its Chairman to exercise the option set forth therein; and

WHEREAS, in the 1995-1997 capital budget, the Legislature authorized the WSCTC to enter into a financing contract in the amount of \$111,700,000 plus financing expenses and reserves for the Expansion Project ("Expansion Financing"); and

WHEREAS, the Board desires to secure the Expansion Financing authorized by the Legislature, and the Chairman should be directed to implement the Expansion Financing, and to include in the financing contract a co-development reserve which is required for the Expansion Project, and to enter into appropriate contracts and agreements, including but not

limited to financing contracts or leases, ground leases, and trust agreements, and to pledge as security for payment under a financing contract money appropriated by the Legislature for payments under a financing contract, and to enter into one or more agreements for the management by the WSCTC of all or any part of the construction of facilities in the Expansion Project; and

WHEREAS, the Director of the state Office of Financial Management, after consultation with the Chairpersons of the appropriate fiscal committees of the state Senate and House of Representatives, has indicated the he will approve the acquisitions and transfers of real property necessary for the Expansion Project if the Board determines to proceed with the project; and

WHEREAS, the Board finds that the Chairman and President/General Manager should be directed to implement the Expansion Project, and to spend all lawfully available funds necessary to accomplish the Expansion Project;

NOW, THEREFORE, BE IT RESOLVED, by the WSCTC Board of Directors ("Board") that the Board hereby accepts the report of its President/General Manager, dated October 2, 1996, concerning Adequacy of Environmental Impact Statement for Expansion of the Convention & Trade Center, and determines that expansion of the WSCTC facilities pursuant to the North Alternative is financially feasible; and, for the reasons stated above, the Board selects the North Alternative, and authorizes and directs the Chairman/CEO and President/General Manager to take all actions necessary to implement the Expansion Project pursuant to the North Alternative; and

BE IT FURTHER RESOLVED, that the Board determines that the foregoing commitments of the City of Seattle and Hedreen meet the requirements of RCW 67.40.180, for an irrevocable commitment of funding from public or private participants consistent with the Task Force Recommendations; and

BE IT FURTHER RESOLVED, that the Chairman is authorized, in his discretion as and when he deems it appropriate, to exercise the option specified in Section 3 of the Development Agreement; and

BE IT FURTHER RESOLVED, that the WSCTC Board of Directors hereby authorizes its Chairman on behalf of the Board of Directors, subject to the conditions and limitations stated below, to enter into a financing contract in the amount of \$111.7 million plus financing expenses and reserves, including an adequate co-development reserve, for the Expansion Financing, and to take all steps reasonably necessary to implement the Expansion Financing as authorized by the Legislature. In addition to the foregoing authorizations, the Chairman shall be specifically authorized: (1) to work with the State Treasurer and one or more underwriters to select the most economical financing contract option practically available, and to select the most economical and practical structure of the financing; (2) to enter into conveyances of title and mortgages to, or create security interests in, WSCTC real or personal property, including property presently owned by the WSCTC and property to be acquired by the WSCTC in the future in connection with the Expansion Project or otherwise, to secure the performance by the State of Washington and WSCTC under the financing contract; (3) to enter into appropriate contracts and agreements to implement the financing, including but not limited to financing contracts or leases, ground leases, and trust agreements; (4) to pledge as security for payment under a financing contract monies appropriated by the Legislature for payments under a financing contract; and (5) to enter into one or more agreements for the management by the WSCTC of all or

any part of the construction of facilities in the Expansion Project; PROVIDED FURTHER, that the actions authorized under (2), (3), (4) and (5) above shall be subject to the approval or ratification of the WSCTC Board of Directors; and PROVIDED FURTHER, that no financing contract entered into on behalf of the WSCTC shall have a term of more than thirty years.

Adopted by WSCTC Board of Directors, October 2, 1996

RESOLUTION NO. 408

A RESOLUTION OF THE BOARD OF DIRECTORS
("BOARD") OF THE WASHINGTON STATE
CONVENTION & TRADE CENTER ("WSCTC")
APPROVING AN OPTION AGREEMENT WITH
R.C. HEDREEN CO. FOR CO-DEVELOPMENT OF
FACILITIES IN CONNECTION WITH THE NORTH
EXPANSION ALTERNATIVE

WHEREAS, in chapter 386, Laws of 1995, the Washington State Legislature ("Legislature") authorized the expansion of the Convention Center in accordance with recommendations made in a report dated December, 1994, by the legislative task force created pursuant to § 148, chapter 6, Laws of 1994 Sp. Sess. ("Task Force"); and

WHEREAS, the north expansion alternative ("North Alternative"), which is one of the two expansion alternatives recommended by the Task Force and approved by the Legislature, contemplated that a portion of the cost of the Expansion Project could be secured by a co-development of hotel, office, retail, parking or other private facilities in portions of the expansion site which would be excess to WSCTC's needs after construction of the North Expansion; and

WHEREAS, to obtain the financial and other benefits of co-development in surplus property it is necessary to coordinate such development with the Center Expansion from the outset; and

WHEREAS, in Resolution No. 399 adopted on June 21, 1996, the WSCTC Board

designated the North Alternative as the preferred expansion alternative for preparation of a final environmental impact statement; and

WHEREAS, the WSCTC published a request for qualifications ("RFQ") for private firms to participate in the co-development of the public and private facilities recommended by the Task Force and authorized by the Legislature on a portion of the North Alternative site ("Northwest Development"), and, after completing a competitive selection process, the Board on September 11, 1996, authorized its Chairman to conduct negotiations with R.C. Hedreen Co. ("Hedreen"), one of the proposers in response to the RFQ, for an agreement for co-development of the Northwest Development; and

WHEREAS, as a result of the negotiations authorized by the Board, Hedreen has agreed to an Option, Purchase, and Development Agreement ("Development Agreement") for co-development with the WSCTC of public and private facilities in the Northwest Development; and

WHEREAS, the Development Agreement will require Hedreen to deliver certain property and facilities to the WSCTC which are necessary for the Center expansion; to undertake other acts including integrated development on surplus space in the Northwest Development of private facilities that will be compatible with the public WSCTC facilities, and to pay WSCTC \$15 million for the surplus property, thus significantly reducing WSCTC's net land acquisition costs; and

WHEREAS, under the Development Agreement, Hedreen is required to provide

security for its performance; and

WHEREAS, in RCW 67.40.180, the Legislature limited Convention Center expansion expenditures to preliminary design and planning activities, environmental studies, and real estate appraisals, prior to acceptance by the WSCTC of irrevocable commitments of funding from public or private participants consistent with the Task Force recommendations, and the commitments of Hedreen under the Development Agreement constitute an irrevocable commitment within the meaning of RCW 67.40.180 of funding for expansion of at least \$7,500,000, subject to acceptance by the Board; and

WHEREAS, the Development Agreement includes other provisions which are necessary and appropriate for the co-development by the WSCTC and Hedreen of the Northwest Development; and

WHEREAS, under its terms, the Development Agreement grants to WSCTC an option to require performance by Hedreen upon exercise of the option by WSCTC, so that WSCTC can obtain performance from Hedreen in the event the Board selects the North Alternative after publication of a Final Environmental Impact Statement, but nothing in the Development Agreement or in the negotiations with Hedreen concerning the co-development under the North Alternative limits the Board from choosing any reasonable expansion alternative or the no action alternative; and

WHEREAS, pursuant to RCW 67.40.020(2), the Director of the state Office of Financial Management, after consultation with the chairpersons of the appropriate fiscal

committees of the state Senate and House of Representatives, has indicated that he will approve the Development Agreement if the WSCTC proceeds with the expansion project;

NOW, THEREFORE, BE IT RESOLVED that (1) the WSCTC Board of Directors hereby approves the Option, Purchase and Development Agreement ("Development Agreement") with Hedreen substantially in the form submitted to the Board at its meeting on October 2, 1996, and authorizes the Chairman of the Board of Directors to execute the same on behalf of WSCTC, and (2) the Chairman of the Board of Directors is authorized to exercise the Option granted to WSCTC in the Development Agreement when the Chairman, in his discretion, determines that it is appropriate if, but only if, the Board has selected the North Alternative.

**WSCTC EXPANSION
STRUCTURAL PROJECT SUMMARY**

10/10/96

EXPEDITURES

PRE DESIGN **731,907**

CONSTRUCTION

(1)	NORTHWEST BLOCK SHELL	15,145,893	
	NORTHWEST BLOCK - FINISH	8,212,299	
	EIGHTH AVE	4,267,123	
	NORTHEAST BLOCK WEST	9,281,377	
	EAST	3,901,718	
		13,183,095	
	McKAY LOBBY	19,017,700	
	PIKE STREET ARCADE	9,976,000	
			69,802,110

LAND

	LAND COST - ESTIMATED	33,481,000	
	LAND CONTINGENCY	2,532,000	
	ENVIRONMENTAL / FEES	300,000	
	McKAY	9,000,000	
			45,313,000

HOUSING REPLACEMENT**5,805,892****SOFT COSTS**

	DESIGN/STRUCTURAL PAYMENT	6,399,132	
	DEVELOPERS FEE	757,295	
	CONSTRUCTION MANAGEMENT	2,695,440	
	ART	354,000	
(2)	CONSTRUCTION CONTINGENCY	6,580,200	
	SALES TAX	5,723,773	
			22,509,840

LEGAL FEES**1,500,000****OTHER / INSURANCE****500,000**

(3) TOTAL BASE STRUCTURAL PROJECT **146,162,749**

NOTES:

- (1) The Hedreen Corp. is providing \$15,000,000 of the value of the Northwest Block Shell in the form of \$11,000,000 in cash and \$4,000,000 in completed construction.
- (2) Construction contingency of 7% on the Northwest Shell (guaranteed maximum construction cost contract of \$15,145,893) plus a construction contingency of 10% on all remaining estimated construction of \$54,656,217. In addition, the basic construction estimates include a design contingency of 10% and an escalation factor of 6%.
- (3) Equipment cost is not included in the structural budget. To acquire the equipment necessary for the project, \$3,000,000 of the State Lease Purchase program COPs will need to be issued prior to completion.

FUNDING

CITY OF SEATTLE		7,500,000	
INTEREST EARNINGS		12,000,000	
CO-DEVELOPER - N.W. BLOCK - HEDREEN			
CASH	11,000,000		
CONSTRUCTION	<u>4,000,000</u>		
		15,000,000	
COP PROCEEDS FOR CONSTRUCTION		<u>111,700,000</u>	
BASE PROJECT FUNDING			146,200,000
COP PROCEEDS FOR CO-DEVELOPMENT CONTINGENCY RESERVE			<u>10,000,000</u>
TOTAL PROJECT FUNDING			156,200,000

LEASE AGREEMENT GENERAL TERMS AND CONDITIONS

1. **POSSESSION.** In the event of the inability of the City to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, neither the City nor any of its officers, employees or agents shall be liable for any damage caused thereby, nor shall this Lease thereby become void or voidable nor shall the term herein specified be in any way extended, but in such event, the Lessee shall not be liable for any rent until such time as the City can deliver possession.

2. **UTILITIES AND SERVICES.** Unless otherwise provided in the Special Terms and Conditions of this Lease, the Lessee shall provide, or shall otherwise pay, before delinquency, all costs for providing all utilities and other services on or to the Premises including, where applicable, but not limited to elevator service, electricity, gas, water, telephone, sewer, garbage, solid waste, heating, janitorial, security, and grounds maintenance, and shall also pay all charges for utility installations and modifications thereto occasioned by the Lessee's requirements. The City shall not be liable for any injury, loss or damage caused by or resulting from any interruption or failure of such services to any cause whatsoever except the City's negligence. The Lessee shall not be entitled to an offset, reduction or return of rental as the result of any interruption or failure of said services.

3. **LIABILITY.**

(a) **Indemnification:** Notwithstanding any provision of this Lease to the contrary, Lessee shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, judgments, losses and expenses (including reasonable attorney's fees and costs) suffered by any person or entity by reason of or resulting from any act or omission of Lessee or any of its employees or agents in connection with Lessee's use or occupancy of the Premises during the term of this Lease.

(b) **Flammable/Hazardous Substances:** The Lessee understands and agrees that flammable or Hazardous Substances, including explosives, petroleum products, paint, solvents, and resins, are not allowed on the Premises without the express written permission of the City. In the event written permission to store the preceding materials is granted by the City, disposal of such materials shall be in a legal manner by the Lessee.

Prior to initiating any process requiring the use or storage of, or generating, on or adjacent to the leased premises, Hazardous Substances, the Lessee covenants and agrees to obtain the City's prior approval. The City may consider approving the specific use, but only after the Lessee demonstrates to the satisfaction of the City that Lessee has all necessary permits for operation and a Hazardous Substances emergency response plan.

Lessee agrees to cooperate in any environmental audits conducted by the City's staff or independent third parties. Lessee agrees to reimburse the City for the cost of such audits. Lessee agrees to provide the City with notice of every governmental inspection of the leased premises, notice of violation, and order to clean up contamination, within five (5) days after receipt thereof by the Lessee. Lessee agrees to permit the City to participate in all settlement or abatement discussions. In the event Lessee fails to take remedial measures as stated in any final administrative or judicial order or decrees signed by a state, federal, or local regulatory agency within 90 days of such order or decree, the City may elect to perform such work, and Lessee covenants and agrees to reimburse the City for all direct and indirect costs associated by the City's work.

Lessee hereby agrees to release, defend and indemnify the City and hold the City harmless for any suits, claims, damages, strict liabilities, and costs or liabilities associated with the removal or remediation of any Hazardous Substance (including petroleum and gasoline products) that are released onto or from the Premises, or otherwise come to be located on the Premises during the term of the Lease, including but not limited to those that may have migrated to or from the Premises. "Cost" shall include, but not be limited to, all response or remediation costs,

disposal fees, investigation costs, monitoring costs, civil or criminal penalties, attorney fees, and other litigation costs incurred in connection with such removal or remediation.

Lessee's duties under this paragraph shall not apply to the extent the suit, claim, damages or costs result solely from hazardous substances released prior to the beginning of the lease term. To the extent the suit, claim, damages or costs arise from hazardous substances released in part prior to the lease term and in part after the beginning of the lease term, then (1) Lessee's duty to defend shall apply, and (2) Lessee shall indemnify the City for Lessee's proportionate share. Lessee's "proportionate share," for purposes of the preceding sentence, shall be the percentage of damages or costs that are attributable to releases of hazardous substances after the commencement of the Lease.

Lessee further agrees to retain any and all liabilities arising from the off-site disposal, handling, treatment, storage, or transportation of any Hazardous Substances, including petroleum products, removed from the Premises. Lessee's obligations and liabilities under this section shall survive the expiration of this Lease.

The term "Hazardous Substance," as used herein, means any hazardous, toxic, or dangerous waste, substance or material, including petroleum products, or any containment, pollutant or chemical defined or identified in any environmental regulation as posing a potential risk to human health or the environment.

(c) Assumption of Risk: The placement and storage of personal property on the Premises shall be the responsibility, and at the sole risk, of the Lessee.

(d) Insurance: Evidence, to the reasonable satisfaction of the Director of Administrative Services, of the Lessee's maintenance of insurance as required by this Lease shall be submitted to the Director prior to the initial occupancy of any portion of the Premises, and thereafter, within a reasonable time after the Lessee's receipt of a request for such evidence, which time, in no event, shall exceed four (4) City business days. The "ACORD" form of Certificate of Insurance shall not be submitted as such evidence, and shall not be deemed to be satisfactory evidence unless the following changes are made on such form:

The wording of the top of the form:

"This certificate is issued as a matter of information only and confers no rights upon the certificate holder."

shall be deleted in its entirety.

The wording at the bottom of form:

"Should any of the above described policies be canceled before the expiration date thereof, the issuing company will endeavor to mail thirty (30) days written notice to the below named certificate holder, but failure to mail such notice shall impose no obligation of any kind upon the company."

shall be changed to read -

"Should any of the above described policies be canceled, reduced as to coverage, or otherwise changed before the expiration date thereof, the issuing company shall provide written notice of such action to the below named certificate holder/City of Seattle, Property Management Division, 618 Second Avenue, 14th Floor, Seattle, WA 98104, at least thirty (30) days prior to the effective date of such change or cancellation."

Notwithstanding any provision herein to the contrary, the failure of the Lessee to comply with the requirements of this Lease regarding insurance shall subject this Lease to immediate termination consistent with the notice provisions of the special conditions of this Lease.

4. COMPLIANCE WITH LAW.

(a) Applicable Law: This Lease shall be construed under and governed by all applicable laws of the United States of America and the State of Washington and the Charter and ordinances of The City of Seattle, as well as all rules and regulations of any such governmental entity.

(b) Licenses, Permits and Taxes: The Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the Premises, and all taxes on personal property of the Lessee on the Premises and any excise or other taxes on the leasehold interest created by this Lease; and in the event the State of Washington makes any demand upon the City for payment of leasehold excise taxes resulting from the Lessee's occupation of the Premises or withholds funds due to the City to enforce collection of leasehold excise taxes, the Lessee, at its sole expense, shall contest such action and indemnify the City for all sums expended by, or withheld by the State from, the City in connection with such taxation.

(c) Equal Employment Opportunity and Nondiscrimination. The Lessee shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and The City of Seattle, including the Seattle Municipal Code (SMC), notably SMC Ch. 20.44, and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

(d) Women's & Minority Business Enterprise Utilization. Although there are no requirements in this Lease Agreement that Lessee specifically set-aside a percentage of work for Women-owned or Minority-owned Business Enterprises, the following language is required to be inserted in every City contract by Seattle Municipal Code 20.46 A, and therefore it is included in this agreement:

This lease hereby incorporates by reference Seattle Municipal Code (SMC) Ch. 20.46A. The failure of the Lessee to comply with any of the requirements of SMC Ch. 20.46A shall be a material breach of contract. The purpose of Seattle's WMBE Program is to provide a prompt remedy for the effects of past discrimination. The City in general, and this Program in particular, are damaged when a contract, or portion of a contract, to be performed by a WBE or MBE is not actually performed by a WBE or MBE in compliance with SMC Ch. 20.46A. Because the actual amount of such damage is not reasonably calculable, the parties agree and stipulate that liquidated damages equal to the unmet dollar amount of any WBE or MBE set-aside will fairly compensate the City for resulting delays in carrying out the purpose of the program, the costs of meeting utilization targets through additional contracts, the administrative costs of investigation and enforcement, and other damages and costs caused by the violation. The Lessee, as an instrumentality of the State, is subject to State requirements for WMBE and as such, in the absence of set-aside requirements in this lease, is presumed to comply with these requirements by complying with the state requirements.

During the term of this lease, the Lessee shall:

- (i) Meet the WBE and MBE set-asides established for the lease, if any;
- (ii) Make affirmative efforts to utilize WMBEs in performing the terms of the lease, whether as subcontractors, suppliers, or in any other capacity;
- (iii) Require that all subcontractors make affirmative efforts to utilize WMBEs in performance of the lease;
- (iv) Maintain records reasonably necessary for monitoring compliance with the provisions of this chapter, and submit such information as may be requested by the Director of the Department of Administrative Services in order to monitor and enforce compliance; and

(v) Require that subcontractors maintain records reasonably necessary for monitoring the subcontractors' compliance with the provisions of this chapter, and that the subcontractors submit such information as may be requested by the Director of the Department of Administrative Services in order to monitor and enforce compliance.

(e) Permits: The Lessee, at no expense to the City, shall obtain any and all building permits, change of use permits, and/or certificates occupancy from the City as may be required and shall deliver a copy of the same to the Director..

(f) Hazardous Substance: The Lessee shall not store hazardous substance in the Premises and shall notify the Lessor immediately of any release of hazardous material.

5. SUBLEASES OR ASSIGNMENTS; LIMITATIONS ON USE AND PURPOSE. Except as provided in the Special Terms and Conditions, the Lessee shall not enter into any sublease of the Premises or any portion thereof or any assignment of any interest in this Lease, whether long- or short-term in nature, or engage in any activity with respect to or on the Premises other than for the express uses and purposes stipulated herein without written permission from the Director. Except that nothing in this lease shall be construed to prevent the lessee from assigning the leasehold interest in the garage to a trustee (including any successor trustee) for the benefit of holders of Certificates of Participation in payments to be made pursuant to the financing contract used to finance the expansion or by such trustee to effectuate its remedies in the event of a default in or non-appropriation of payments pursuant to the financing contract used to finance the expansion.

6. USE AND CARE OF THE PREMISES.

(a) General Condition: The Lessee shall keep the Premises at all times and at no expense to the City, in a neat, clean, safe and sanitary condition and shall keep and use the Premises in accordance with the laws of the State of Washington and Charter and ordinances of The City of Seattle, and in accordance with all authorized rules and regulations of the Health Officer, Fire Marshall, Building Inspector and other officers of The City of Seattle. The Lessee shall not permit any waste, damage, or injury to the Premises; use or permit on the Premises anything that will increase the risk of fire thereon; maintain anything on the Premises that may be dangerous to life or limb; overload the floors, permit any objectionable noise or odor to escape or to be emitted from the Premises; permit anything to be done upon the Premises that in any way will tend to create a nuisance or, in the event of multiple occupancy, to disturb any other tenants or use of the building in which the Premises form a part; or to use or permit the use of the Premises for lodging or sleeping purposes.

(b) Maintenance - Repairs: The Premises have been inspected by both parties and are accepted by Lessee 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. The City will be responsible for maintenance and repair of all structural members of the Premises providing subjacent and lateral support for properties adjoining the Premises. The Lessee will be responsible for all other maintenance and repair of the Premises and for cleaning, including the foundation, columns, girders, beams, supports, slabs, walls, floors, stairs, elevator, and driveways. The Freeway Park, including the restroom, will be maintained by the City.

(c) Alterations: With the prior written approval of the Director, the Lessee, at its sole cost, shall have the right to make modifications to the Premises, including but not limited to one or more interior vehicular and/or pedestrian connections to the Convention Center parking garage, and shall be allowed to integrate the Garage operation with the Convention Center parking garage and operate the two garages as a single facility. All alterations, additions and improvements that are made, shall be at the sole cost and expense of Lessee, and shall become the property of the City, and shall remain in and be surrendered with the Premises as part thereof at the termination of this Lease, without disturbance, molestation or injury. The City reserves an unqualified right to make alterations to the Premises or to the building in which the Premises are situated (1) where conditions deemed by the Director to constitute an emergency, exist; or (2) in order to correct code-deficiencies; provided, such alterations do not unreasonably interfere with the ordinary operation of the Premises by the Lessee.

(d) Access: The City reserves for itself, its officers, employees, agents and contractors, free access to the Premises at all reasonable times for the purposes of inspecting, or making repairs, additions or alterations to the Premises or any other property owned by or under the control of the City, but this right shall not be construed as an agreement on the part of the City to make inspections, or make repairs, additions or alterations. The Lessee shall have reasonable access to other property of the City where necessary to provide utility services to the Premises; all of the Lessee's work on such other City property shall be at no expense to the City.

(e) Signs: The Lessee shall not display, inscribe, paint or affix to any part of the Premises any sign except a sign that has been approved, in writing, by the Director, prior to such placement.

7. DAMAGE OR DESTRUCTION. In the event that the Premises (a) are damaged by fire, earthquake, act of war, or other extraordinary casualty to such an extent as to render them untenable in whole or in substantial part; or (b) are destroyed, the City shall not be obligated to rebuild the premises or to compensate the Lessee for any loss of income under this lease. The Lessee will not be liable for any loss, damage, or destruction of the premises, except loss, damage, or destruction caused directly by the waste, or willful negligent action of the Lessee, or failure of the Lessee to perform its obligations under this lease. The City shall not be obligated to restore the functionality of the Premises in the event of loss, damage, or destruction.

8. NOTICES. Any notice to be given by either party to the other 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 provided in the Special Terms and Conditions hereof, or to such other respective addresses as either party may, from time to time, designate in writing.

9. 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 Lessee or any party associated with the Lessee in the conduct of the Lessee's business or otherwise. This Lease does not make the Lessee the agent or legal representative of the City for any purpose whatsoever.

10. DEFINITION OF "DIRECTOR". The term "Director", as used throughout this Lease in regard to permission, warrant, consent, approval, rights, interpretation, and discretionary matters, shall mean the Director of Administrative Services or his/her designee except where the granting of approval, consent or permission or the taking of any other official action by any other City official is required by law, ordinance, resolution, rule, or regulation before the Lessee may rightfully commence, suspend, enlarge, or terminate any particular undertaking or may obtain any particular right or privilege under this Lease.

11. AMENDMENTS. The parties hereto especially reserve the right to renegotiate and change the provisions of this Lease, from time to time, as may be necessary. No alteration or modification of the terms or conditions of this Lease shall be valid and binding unless made in writing and signed by the authorized representatives of the parties hereto.

12. NO WAIVER OF DEFAULT. The City does not waive full compliance with the terms and conditions of this Lease by acceptance 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 operate as, a waiver of any subsequent default of any of the terms, covenants and conditions of this Lease to be performed, kept and observed by the other party.

13. SURRENDER OF PREMISES. At the expiration or termination of this Lease, the Lessee shall quit and surrender the Premises and all keys thereto, without notice and in as good condition as received at the commencement of the term, except for ordinary wear and tear, damage or destruction by fire or other casualty or circumstances uncontrollable by the Lessee, and alterations, improvements, and additions made with the approval

of the Director unless otherwise agreed as a condition of such approval. At the option of the Lessor, the Lessee will create a barrier between the garages, if the two have been joined, of a type and manner acceptable to the Lessor.

14. BINDING EFFECT. This Lease shall be binding upon the heirs, successors, and assigns of the parties hereto.

15. 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 were not a part hereof..

16. BOOKS AND RECORDS. The Lessee shall keep true, separate, accurate, complete and auditable records and receipts of all revenues from the Premises. All such records shall be retained in King County, Washington, for at least fifteen (15) months after the close of each calendar year during which this lease is in effect.

17. ACCESS TO RECORDKEEPING FOR AUDITS BY CITY. The Lessee shall permit the City, from time to time, as the Director deems necessary, to inspect and audit in King County, Washington, at any and all reasonable times, all pertinent books and records of the Lessee pertaining to revenues generated by the Premises, and shall supply the City with, or shall permit the City to make, a copy of any such books and records and any portion thereof, upon the request of the Director. The Director or his/her successor or designee shall notify the Lessee of the amount of any underpayment found. Any underpayment shall be immediately due and payable and shall be delinquent if not paid within ten (10) days after the date of such notice.

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

19. CAPTIONS. The titles of the articles, sections, and subsections of this Lease are for convenience only, and do not define or limit the contents.

20. DEFINITION OF "GROSS RECEIPTS". The term "gross receipts," as used throughout this lease in regard to revenue from the garage, shall mean the total collections received by the Convention Center as fees for parking in the Freeway Park Garage.

21. DEFINITION OF "NET OPERATING REVENUE". The term "Net Operating Revenue" as used throughout this lease means the Gross Receipts less the costs of operations, maintenance, and personnel attributed to the operation of the Garage and reasonable overhead of the WSCTC attributable to the operation of the Garage.

22. DEFINITION OF "NET OPERATING INCOME". The term "Net Operating Income" as used throughout this lease shall be the same as "Net Operating Revenue"

23. DEFINITION OF "EXPANSION PROJECT". The term "Expansion Project" as used in this Lease means the physical improvement to the Convention Center facilities as authorized by the State Legislature in (bill #), which shall include approximately 100,000 square feet of additional heavy-load exhibition space, additional lobby and pre-function areas, and additional loading bays and support areas..

EXHIBIT B**Debt Service Schedule for Freeway Park Garage**

Date	Payments Principal	Payments Interest	Total Payment Due	Bonds Due Numbers	Balance
8/1/1996	\$180,000.00	\$39,400.00	\$219,400.00	415-450	\$1,300,000.00
2/1/1997		\$34,360.00	\$34,360.00		\$1,300,000.00
8/1/1997	\$190,000.00	\$34,360.00	\$224,360.00	451-488	\$1,110,000.00
2/1/1998		\$29,040.00	\$29,040.00		\$1,110,000.00
8/1/1998	\$200,000.00	\$29,040.00	\$229,040.00	489-528	\$910,000.00
2/1/1999		\$23,440.00	\$23,440.00		\$910,000.00
8/1/1999	\$210,000.00	\$23,440.00	\$233,440.00	529-570	\$700,000.00
2/1/2000		\$17,560.00	\$17,560.00		\$700,000.00
8/1/2000	\$220,000.00	\$17,560.00	\$237,560.00	571-614	\$480,000.00
2/1/2001		\$11,400.00	\$11,400.00		\$480,000.00
8/1/2001	\$235,000.00	\$11,400.00	\$246,400.00	615-661	\$245,000.00
2/1/2002		\$5818.75	\$5818.75		\$245,000.00
8/1/2002	\$245,000.00	\$5818.75	\$250,818.75	662-710	.00

Exhibit c

Freeway Park Garage Net Income

1997	52,000
1998	54,080
1999	56,243
2000	58,493
2001	60,833
2002	63,266
2003	350,000
2004	364,000
2005	378,560
2006	393,702
2007	409,450
2008	425,829
2009	442,862
2010	460,576
2011	478,999
2012	498,159
2013	518,085
2014	538,809
2015	560,361
2016	582,776
2017	606,087
2018	630,330
2019	655,543
2020	681,765

- (b) If the Convention Center meets the conditions of Paragraph 5.2(a) above, and if the Convention Center certifies to the City that the Convention Center has awarded one or more contracts for the replacement of all Occupied Low-income Units pursuant to Paragraph 4.6, above, then at the Convention Center's request, the City, within 90 days of the request, shall pay \$2,250,000 to the Convention Center. Each such contract shall specify the total subsidy and the number of units for which the Housing Provider is responsible, and shall require that the Replacement Housing be subject to a recorded covenant enforceable by the Convention Center and the tenants against the owner of the housing project and its successors that limits rents and occupancy for at least 30 years consistent with this the provisions of Section 4 of this Agreement. The City shall pay the remainder of its \$7,500,000 commitment to the Convention Center within 90 days of receipt of a copy of a notice to proceed given to the General Contractor for the construction of the Expansion Project.
- (c) If the conditions for payment of all funds to the Convention Center are not satisfied by December 31, 2002, then the Convention Center shall have no further right to receive such funds.

6. IRREVOCABLE COMMITMENTS AND OFFERS

The commitment of the City to make payments pursuant to Paragraphs 5.1 and 5.2(b), above and the commitments to fix and impose the Hotel Sales Tax, as provided in Section 3, above, and to grant the Convention Center a 30-year lease to manage and operate the Freeway Park Garage, as provided in Section 7 below, shall constitute irrevocable offers and commitments of the City beginning on the date when an ordinance authorizing the City to execute this agreement becomes effective. The offers and commitments of the City specified in the previous sentence shall not be conditioned on the selection by the Board of Directors of the Convention Center of a particular expansion site, and said offers and commitments shall remain open for acceptance by the Board of Directors of the Convention Center for an eighteen-month period following the execution of this agreement by the City of Seattle. Such offers and commitments shall be deemed to be accepted on the date when the Board of Directors of the Convention Center delivers to the Mayor of the City a resolution confirming that the Convention Center has completed all of the following actions: approved this Agreement; selected an Expansion Option; and accepted irrevocable commitments of funding from third parties to contribute at least \$7,500,000 to the Expansion Project; and determined that the selected Expansion Option is financially feasible based on estimated project costs and available funding sources; and provided an unqualified commitment by the Convention Center that the financial commitments in this MOA shall be the entire financial commitment that will be requested of the City for the Expansion Project. The acceptance of the City's offers and commitments is not valid unless the Convention Center's acceptance includes the contractual commitment to commence and complete the Expansion Project.

**LEASE AGREEMENT
SPECIAL TERMS AND CONDITIONS**

I. PARTIES: THIS LEASE AGREEMENT is entered into by and between THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Lessor (hereinafter referred to as the "City"), and the Washington State Convention and Trade Center, a Washington public non-profit corporation chartered pursuant to RCW _67.40.020 (hereinafter referred to as "Lessee").

II. PREMISES: The City hereby leases to the Lessee and the Lessee hereby leases from the City that property commonly known as Freeway Park Garage, 1300 Hubbel Place, Seattle Washington and legally described as follows:

Denny's Broadway Add portion of lot 1 Block 105 lying southerly of line defined as follows:

Beginning at southeasterly corner of said lot 1 then North 30-35-30 West 0.65 feet to true point of beginning then South 59-17-45 West 112.23 feet then North 30-42-15 West 0.35 feet then South 59-17-45 West 1.92 feet then South 30-42-15 East .035 feet then South 59-17-45 West to westerly line of said Lot 1 and terminus described line

all subject to the terms and conditions of this Lease. (Such property shall be referred to in this Lease as the "Premises").

III. USE/PURPOSE: The Premises may be used only for the following use(s) and purpose(s): General purpose parking garage.

IV. TERM: The term of this Lease begins January 1, 1997 and terminates on December 31, 2026 unless it is terminated earlier pursuant to the provisions hereof.

V. RENT: In consideration of this Lease and subject to Paragraph (IX.f.), infra, the Lessee shall pay to the City, as rent, the following yearly sum: one dollar per year (\$1.00). Rent shall be paid in advance, on or before the tenth day of January each year.

VI. LEASEHOLD EXCISE TAX: In addition to the annual rent, the Lessee shall pay to the City, the applicable Leasehold Excise Tax which, as of the commencement date, is Zero dollars (\$0), but is subject to change.

VII. INSURANCE: The Lessee, at no expense to the City, shall secure and maintain during the full term of this Lease, one or more policies of general comprehensive liability insurance that fully protect the City from any and all claims and risks in connection with the Lessee's occupation of, or activities upon, the Premises, under which policies the following aggregate amounts of coverage shall be provided:

Commercial General Liability: including Garage Liability. A policy of commercial general liability insurance, written on an occurrence form, including all the usual coverage known as:

- premises/operations liability
- products/completed operations
- medical payments
- contractual liability
- broadened coverage-garages (CA25 14)
- employers liability (Stop Gap)

Minimum limits of liability: Bodily Injury and Property Damage \$2,000,000
per occurrence/ \$S6,000,000 annual aggregate/per location aggregate.

Commercial Automobile Liability: A policy of Commercial Automobile Liability, including coverage for owned, non-owned, leased or hired vehicles.

Minimum limits of liability: Bodily Injury and Property Damage \$2,000,000
per accident/occurrence.

Garagekeepers Legal Liability (GKLL) Coverage for autos of others in the insured's care, custody, control, or possession. Minimum deductible \$500 per occurrence, for the following minimum coverages:

- Comprehensive \$2,000,000
- Collision \$2,000,000

Crime- Blanket Employee Dishonesty(Coverage A, CR 00 02)

- \$100,000 per loss
- \$500 maximum deductible any one loss

Property Insurance: Commercial Property: All Risk, replacement cost at 100% of building value, including:

- Earthquake and Flood
- Tenants Improvements and Betterments
- Business Income and Extra Expense Coverage including Rental Value

"The City of Seattle is an additional insured for all coverages provided by this policy of insurance and shall be fully and completely protected by this policy and for any and every injury, death, damage, and loss of any sort sustained by any person, organization, or corporation in connection with any act or omission of the Lessee under a Lease between The City of Seattle and the Washington State Convention and Trade Center.

"The coverages provided by this policy to the City or any other named insured shall not be terminated, reduced or otherwise changed in any respect without providing at least thirty (30) days' prior written notice to The City of Seattle, Attention: Director of Administrative Services, 618 Second Avenue, Seattle, Washington 98104, or to such other address as may be specified in writing by the City."

VIII. UTILITIES AND SERVICES: The City shall provide no utilities and services.

IX. OTHER SPECIAL CONDITIONS: The Lessee shall retain all operating revenues from the operation of the Garage for the term of the Lease.

At its option, the Lessee may renew the Lease for a thirty year period provided all terms of this Lease are met and the expanded Convention Center is operational by December 31, 2002 and remains in operation at the end of the thirty year initial term. This option must be exercised in writing to the Director of the Department of Administrative Services one hundred and eighty days before the expiration date of the lease.

The Lessee shall be entitled to set rates and hours of operation of the Garage.

The City shall maintain a right of access to inspect and for purposes necessary to the operation of the Park located above the Garage, including exclusive use of four parking spaces which must be so marked for Seattle Parks Department vehicles without charge and exclusive use, without charge, of 300 square feet of storage area in the utility room on the park level.

The Lessee shall make payments to the City equal to the City's principal and interest payments on the debt service for the Garage, with payments due forty-five days prior to the date when debt service is due, as set forth in exhibit A attached hereto. The existing City debt service on the Garage shall remain a first lien and charge on the Gross Receipts of the Garage.

If the Lessee fails to secure a certificate of occupancy from the City for the expansion of the Convention Center by December 31, 2002, the rent to the City shall be 20% of the gross receipts from the operation of the Premises, plus debt service while any Certificates of Participation or any other instrument used to finance the expansion are outstanding. If the Lessee subsequently obtains a certificate of occupancy for the expansion of the Convention Center, the lease payment shall revert to one dollar per year plus debt service.

The City may, at its sole discretion and without recourse by the Convention Center, and provided the expansion is still not operational, terminate the Lease at any time once the obligation to re-pay these Certificates of Participation or any other instrument used to finance the expansion have been satisfied by the Convention Center.

The City shall establish a reserve account which may at the City's option be in the City Treasury no later than January 31, 1998 to be used for structural repair purposes and may be drawn upon by the Lessee or the City, with the concurrence of both parties, for the structural repair obligations of either the City or the Convention Center to the Premises. (For the purpose of this lease structural members are defined as the framing members designed to support gravity loads and resist lateral forces. These members consist of beams, columns and horizontal elements functioning as diaphragms. Structural repair is a repair to a beam, column, or horizontal element functioning as a diaphragm, related to its ability to perform in a role of supporting gravity loads or resisting lateral forces.) Any funds remaining in the reserve account at the termination of the lease and any extensions thereto shall become the sole property of the City. The reserve account shall be created by the Lessee

- a) Depositing in the account \$500,000 from the sale of instruments for financing the expansion project or, at the election of the Lessee,
- b) Depositing in the account 10% of any annual Net Operating Income above the projections in Exhibit B, up to \$20,000 per year, until the account balance including interest on invested account funds reaches \$500,000.

After the reserve account balance reaches \$500,000, deposits to the account pursuant to the above requirements shall be made by the Lessee only to the extent necessary, after payments from the account, to restore the balance to \$500,000.

The Lease may be terminated by the City with thirty days notice and without recourse by the Lessee if any of the following occurs:

The Washington State Convention and Trade Center is not used primarily for public convention purposes; should title to the Washington State Convention and Trade Center be conveyed other than for purposes of providing and relying upon security for the financing of the Expansion Project; or should the Washington State Convention and Trade Center fail to meet the conditions of this Lease. Nothing in this Lease shall be construed to prevent the Lessee from assigning the leasehold interest in the Garage to a trustee for the benefit of holders of Certificates of Participation in payments to be made pursuant to the Financing

Contract used to finance the expansion or to a trustee in the event of a default in payments pursuant to the Financing Contract used to finance the expansion.

The Lessee shall offer positions of employment, under the personnel rules of the Convention Center, within the Garage, to the permanent City Staff who are currently employed in the Garage, up to the total hours of additional staffing that the Convention Center requires to operate the expanded garage.

X. AGREEMENT CONTENTS: This Lease consists of these special terms and conditions as well as the General Terms and Conditions hereto attached. It embodies 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 of this Lease.

XI. EFFECTUATION OF AGREEMENT: In order to be effective, this Lease must be (1) signed by an authorized representative of the Lessee and returned to the Director at the address set forth below, accompanied by any required policy of insurance, and (2) signed by the Director pursuant to Ordinance authority.

rev7/5/96

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

CITY OF SEATTLE

**WASHINGTON STATE CONVENTION AND
TRADE CENTER**

By _____
Director of Administrative Services

By _____
(Signature)

(Print or Type Name)

Authorizing Ordinance _____

(Print or Type Title)

City's address for all communications:

Lessee's address for all communications:

Department of Administrative Services
Property Management Section
618 Second Avenue, 14th Floor
Seattle, Washington 98104

ref: FacSvcs Lease No. 11 (FREE)

July 8, 1996

LEASE AGREEMENT GENERAL TERMS AND CONDITIONS

1. **POSSESSION.** In the event of the inability of the City to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, neither the City nor any of its officers, employees or agents shall be liable for any damage caused thereby, nor shall this Lease thereby become void or voidable nor shall the term herein specified be in any way extended, but in such event, the Lessee shall not be liable for any rent until such time as the City can deliver possession. In the event the Lessee takes possession of the Premises prior to the commencement date of this Lease, the Lessee and the City shall be bound by all of the provisions and obligations of this Lease during such prior period, including the obligation to pay rent and leasehold excise taxes and debt service at the rates stated herein, prorated on a daily basis.

2. **UTILITIES AND SERVICES.** Unless otherwise provided in the Special Terms and Conditions of this Lease, the Lessee shall provide, or shall otherwise pay, before delinquency, all costs for providing, all utilities and other services on or to the Premises including, where applicable, but not limited to elevator service, electricity, gas, water, telephone, sewer, garbage, solid waste, heating, janitorial, security, and grounds maintenance, and shall also pay all charges for utility installations and modifications thereto occasioned by the Lessee's requirements. The City shall not be liable for any injury, loss or damage caused by or resulting from any interruption or failure of such services to any cause whatsoever except the City's negligence. The Lessee shall not be entitled to an offset, reduction or return of rental as the result of any interruption or failure of said services.

3. **LIABILITY.**

(a) **Indemnification:** Notwithstanding any provision of this Lease to the contrary, Lessee shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, judgments, losses and expenses (including reasonable attorney's fees and costs) suffered by any person or entity by reason of or resulting from any act or omission of Lessee or any of its employees or agents in connection with Lessee's use or occupancy of the Premises during the term of this Lease.

(b) **Flammable/Hazardous Substances:** The Lessee understands and agrees that flammable or Hazardous Substances, including explosives, petroleum products, paint, solvents, and resins, are not allowed on the Premises without the express written permission of the City. In the event written permission to store the preceding materials is granted by the City, disposal of such materials shall be in a legal manner by the Lessee.

Prior to initiating any process requiring the use or storage of, or generating, on or adjacent to the leased premises, Hazardous Substances, the Lessee covenants and agrees to obtain the City's prior approval. The City may consider approving the specific use, but only after the Lessee demonstrates to the satisfaction of the City that Lessee has all necessary permits for operation and a Hazardous Substances emergency response plan.

Lessee agrees to cooperate in any environmental audits conducted by the City's staff or independent third parties. Lessee agrees to reimburse the City for the cost of such audits. Lessee agrees to provide the City with notice of every governmental inspection of the leased premises, notice of violation, and order to clean up contamination, within five (5) days after receipt thereof by the Lessee. Lessee agrees to permit the City to participate in all settlement or abatement discussions. In the event Lessee fails to take remedial measures as stated in any final administrative or judicial order or decrees signed by a state, federal, or local regulatory agency within 90 days of such order or decree, the City may elect to perform such work, and Lessee covenants and agrees to reimburse the City for all direct and indirect costs associated by the City's work.

Lessee hereby agrees to indemnify the City and hold the City harmless for any costs or liabilities associated with the removal or remediation of any Hazardous Substance (including petroleum and gasoline products) that are released onto or from the Premises, or otherwise come to be located on the site after the effective date of this Lease for the term of the Lease, including but not limited to those that may have migrated to or from the site through water or soil to or from other properties. "Cost" shall include, but not be limited to, all response costs, disposal fees, investigation costs, monitoring costs, civil or criminal penalties, attorney fees, and other litigation costs incurred in connection with such removal or remediation.

Lessee further agrees to retain any and all liabilities arising from the off-site disposal, handling, treatment, storage, or transportation of any Hazardous Substances, including petroleum products, removed from the Premises. Lessee's obligations and liabilities under this section shall survive the expiration of this Lease.

The term "Hazardous Substance," as used herein, means any hazardous, toxic, or dangerous waste, substance or material, including petroleum products, or any containment, pollutant or chemical defined or identified in any environmental regulation as posing a potential risk to human health or the environment.

(c) Assumption of Risk: The placement and storage of personal property on the Premises shall be the responsibility, and at the sole risk, of the Lessee.

(d) Insurance: Evidence, to the reasonable satisfaction of the Director, of the Lessee's maintenance of insurance as required by this Lease shall be submitted to the Director prior to the initial occupancy of any portion of the Premises, and thereafter, within a reasonable time after the Lessee's receipt of a request for such evidence, which time, in no event, shall exceed four (4) City business days. The "ACORD" form of Certificate of Insurance shall not be submitted as such evidence, and shall not be deemed to be satisfactory evidence unless the following changes are made on such form:

The wording of the top of the form:

"This certificate is issued as a matter of information only and confers no rights upon the certificate holder."

shall be deleted in its entirety.

The wording at the bottom of form:

"Should any of the above described policies be canceled before the expiration date thereof, the issuing company will endeavor to mail thirty (30) days written notice to the below named certificate holder, but failure to mail such notice shall impose no obligation of any kind upon the company."

shall be changed to read -

"Should any of the above described policies be canceled, reduced as to coverage, or otherwise changed before the expiration date thereof, the issuing company shall provide written notice of such action to the below named certificate holder/City of Seattle, Property Management Division, 618 Second Avenue, 14th Floor, Seattle, WA 98104, at least thirty (30) days prior to the effective date of such change or cancellation."

Notwithstanding any provision herein to the contrary, the failure of the Lessee to comply with the requirements of this Lease regarding insurance shall subject this Lease to immediate termination without notice and without recourse by any person in order to protect the public interest.

4. COMPLIANCE WITH LAW.

(a) Applicable Law: This Lease shall be construed under and governed by all applicable laws of the United States of America and the State of Washington and the Charter and ordinances of The City of Seattle, as well as all rules and regulations of any such governmental entity.

(b) Licenses, Permits and Taxes: The Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the Premises, and all taxes on personal property of the Lessee on the Premises and any excise or other taxes on the leasehold interest created by this Lease; and in the event the State of Washington makes any demand upon the City for payment of leasehold excise taxes resulting from the Lessee's occupation of the Premises or withholds funds due to the City to enforce collection of leasehold excise taxes, the Lessee, at its sole expense, shall contest such action and indemnify the City for all sums expended by, or withheld by the State from, the City in connection with such taxation.

(c) Equal Employment Opportunity and Nondiscrimination. The Lessee shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and The City of Seattle, including the Seattle Municipal Code (SMC), notably SMC Ch. 20.44, and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

(d) Women's & Minority Business Enterprise Utilization. Although there are no requirements in this Lease Agreement that Lessee specifically set-aside a percentage of work for Women-owned or Minority-owned Business Enterprises, the following language is required to be inserted in every City contract by Seattle Municipal Code 20.46 A, and therefore it is included in this agreement:

This lease hereby incorporates by reference Seattle Municipal Code (SMC) Ch. 20.46A. The failure of the Lessee to comply with any of the requirements of SMC Ch. 20.46A shall be a material breach of contract. The purpose of Seattle's WMBE Program is to provide a prompt remedy for the effects of past discrimination. The City in general, and this Program in particular, are damaged when a contract, or portion of a contract, to be performed by a WBE or MBE is not actually performed by a WBE or MBE in compliance with SMC Ch. 20.46A. Because the actual amount of such damage is not reasonably calculable, the parties agree and stipulate that liquidated damages equal to the unmet dollar amount of any WBE or MBE set-aside will fairly compensate the City for resulting delays in carrying out the purpose of the program, the costs of meeting utilization targets through additional contracts, the administrative costs of investigation and enforcement, and other damages and costs caused by the violation.

During the term of this lease, the Lessee shall:

- a. Meet the WBE and MBE set-asides established for the lease, if any;
- b. Make affirmative efforts to utilize WMBEs in performing the terms of the lease, whether as subcontractors, suppliers, or in any other capacity;
- c. Require that all subcontractors make affirmative efforts to utilize WMBEs in performance of the lease;
- d. Maintain records reasonably necessary for monitoring compliance with the provisions of this chapter, and submit such information as may be requested by the Director of the Department of Administrative Services in order to monitor and enforce compliance; and
- e. Require that subcontractors maintain records reasonably necessary for monitoring the subcontractors' compliance with the provisions of this chapter, and that the subcontractors submit such information as may be requested by the Director of the Department of Administrative Services in order to monitor and enforce compliance.

(e) Permits: The Lessee, at no expense to the City, shall obtain any and all building permits, change of use permits, and/or certifications of occupancy from the City as may be required and shall deliver a copy of the same to the Director prior to occupying the Premises.

(f) Hazardous Substance: The Lessee shall not store hazardous substance in the Premises and shall notify the Lessor immediately of any release of hazardous material.

5. SUBLEASES OR ASSIGNMENTS; LIMITATIONS ON USE AND PURPOSE. Notwithstanding any other provision hereof, the Lessee shall not enter into any sublease of the Premises or any portion thereof or any assignment of any interest in this Lease, whether long- or short-term in nature, or engage in any activity with respect to or on the Premises other than for the express uses and purposes stipulated herein or without written permission from the Director, except that the Convention Center may assign the leasehold interest in the Garage to a trustee for the benefit of holders of certificates of participation in payments to be made pursuant to the Financing Contract used to finance the Expansion Project.

6. USE AND CARE OF THE PREMISES.

(a) General Condition: The Lessee shall keep the Premises at all times and at no expense to the City, in a neat, clean, safe and sanitary condition; and shall keep and use the Premises in accordance with the laws of the State of Washington and Charter and ordinances of The City of Seattle, and in accordance with all authorized rules and regulations of the Health Officer, Fire Marshall, Building Inspector and other officers of The City of Seattle. The Lessee shall not permit any waste, damage, or injury to the Premises; use or permit on the Premises anything that will increase the rate of fire insurance thereon; maintain anything on the Premises that may be dangerous to life or limb; overload the floors, permit any objectionable noise or odor to escape or to be emitted from the Premises; permit anything to be done upon the Premises that in any way will tend to create a nuisance or, in the event of multiple occupancy, to disturb any other tenants of the building in which the Premises form a part; or to use or permit the use of the Premises for lodging or sleeping purposes.

(b) Maintenance-Repairs: The Premises have been inspected by both parties and are accepted by Lessee 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. The City will be responsible for maintenance and repair of all structural members of the Premises providing subjacent and lateral support for properties adjoining the Premises. The Lessee will be responsible for cleaning and all other maintenance and repair of the Premises, including the foundation, columns, girders, beams, supports, slabs, walls, floors, stairs, and driveways.

(c) Alterations: With the prior written approval of the Director, the Lessee, at its sole cost, shall have the right to make modifications to the Premises, including but not limited to one or more interior vehicular and/or pedestrian connections to the Convention Center parking garage, and shall be allowed to integrate the Garage operation with the Convention Center parking garage and operate the two garages as a single facility. All alterations, additions and improvements that are made, shall be at the sole cost and expense of Lessee, and shall become the property of the City, and shall remain in and be surrendered with the Premises as part thereof at the termination of this Lease, without disturbance, molestation or injury. The City reserves an unqualified right to make alterations to the Premises or to the building in which the Premises are situated (1) where conditions deemed by the Director to constitute an emergency, exist; and (2) in order to correct code-deficiencies; and (3) where such alterations do not unreasonably interfere with the ordinary operation of the Premises by the Lessee.

(d) Access: The City reserves for itself, its officers, employees, agents and contractors, free access to the Premises at all reasonable times for the purposes of inspecting, or making repairs, additions or alterations to the Premises or any other property owned by or under the control of the City, but this right shall not be construed as an agreement on the part of the City to make inspections, or make repairs, additions or alterations. The Lessee shall have reasonable access to other property of the City where necessary to provide utility services to the Premises; all of the Lessee's work on such other City property shall be at no expense to the City.

(e) Signs: The Lessee shall not display, inscribe, paint or affix to any part of the Premises any sign except a sign that has been approved, in writing, by the Director, prior to such placement.

7. DAMAGE OR DESTRUCTION. In the event that the Premises (a) are damaged by fire, earthquake, act of war, or other extraordinary casualty to such an extent as to render them untenable in whole or in substantial part; or (b) are destroyed, the City shall not be obligated to rebuild the premises or to compensate the Lessee for any loss of income under this lease. The Lessee will not be liable for any loss, damage, or destruction of the premises, except loss, damage, or destruction caused directly by the waste, or willful negligent action of the Lessee, or failure of the Lessee to perform its obligations under this lease. The City shall not be obligated to restore the functionality of the Premises in the event of loss, damage, or destruction.

8. NOTICES. Any notice to be given by either party to the other 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 provided in the Special Terms and Conditions hereof, or to such other respective addresses as either party may, from time to time, designate in writing.

9. 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 Lessee or any party associated with the Lessee in the conduct of the Lessee's business or otherwise. This Lease does not make the Lessee the agent or legal representative of the City for any purpose whatsoever.

10. DEFINITION OF "DIRECTOR". The term "Director", as used throughout this Lease in regard to permission, warrant, consent, approval, rights, interpretation, and discretionary matters, shall mean the Director of Administrative Services or his/her designee except where the granting of approval, consent or permission or the taking of any other official action by any other City official is required by law, ordinance, resolution, rule, or regulation before the Lessee may rightfully commence, suspend, enlarge, or terminate any particular undertaking or may obtain any particular right or privilege under this Lease.

11. AMENDMENTS. The parties hereto especially reserve the right to renegotiate and change the provisions of this Lease, from time to time, as may be necessary. No alteration or modification of the terms or conditions of this Lease shall be valid and binding unless made in writing and signed by the authorized representatives of the parties hereto.

12. NO WAIVER OF DEFAULT. The City does not waive full compliance with the terms and conditions of this Lease by acceptance 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 operate as, a waiver of any subsequent default of any of the terms, covenants and conditions of this Lease to be performed, kept and observed by the other party.

13. SURRENDER OF PREMISES. At the expiration or termination of this Lease, the Lessee shall quit and surrender the Premises and all keys thereto, without notice and in as good condition as received at the commencement of the term, except for ordinary wear and tear; damage or destruction by fire or other casualty or circumstances uncontrollable by the Lessee; and alterations, improvements, and additions made with the approval of the Director unless otherwise agreed as a condition of such approval.

14. BINDING EFFECT. This Lease shall be binding upon the heirs, successors, and assigns of the parties hereto.

15. 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 were not a part hereof..

16. BOOKS AND RECORDS. The Lessee shall keep true, separate, accurate, complete and auditable records and receipts of all revenues from the Premises. All such records shall be retained in King County, Washington, for at least fifteen (15) months after the close of each calendar year during which this lease is in effect.

17. ACCESS TO RECORDKEEPING FOR AUDITS BY CITY. The Lessee shall permit the City, from time to time, as the Director deems necessary, to inspect and audit in King County, Washington, at any and all reasonable times, all pertinent books and records of the Lessee pertaining to revenues generated by the Premises, and shall supply the City with, or shall permit the City to make, a copy of any such books and records and any portion thereof, upon the request of the Director. The Director or his/her successor or designee shall notify the Lessee of the amount of any underpayment found. Any underpayment shall be immediately due and payable and shall be delinquent if not paid within ten (10) days after the date of such notice.

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

19. CAPTIONS. The titles of the articles, sections, and subsections of this Lease are for convenience only, and do not define or limit the contents.

20. DEFINITION OF "GROSS RECEIPTS". The term "gross receipts," as used throughout this lease in regard to revenue from the garage, shall mean total receipts minus direct expenditures and expenditures normally considered overhead.

EXHIBIT A**Debt Service Schedule for Freeway Park Garage**

Date	Payments Principal	Payments Interest	Total Payment Due	Bonds Due Numbers	Balance
8/1/1996	\$180,000.00	\$39,400.00	\$219,400.00	415-450	\$1,300,000.00
2/1/1997		\$34,360.00	\$34,360.00		\$1,300,000.00
8/1/1997	\$190,000.00	\$34,360.00	\$224,360.00	451-488	\$1,110,000.00
2/1/1998		\$29,040.00	\$29,040.00		\$1,110,000.00
8/1/1998	\$200,000.00	\$29,040.00	\$229,040.00	489-528	\$910,000.00
2/1/1999		\$23,440.00	\$23,440.00		\$910,000.00
8/1/1999	\$210,000.00	\$23,440.00	\$233,440.00	529-570	\$700,000.00
2/1/2000		\$17,560.00	\$17,560.00		\$700,000.00
8/1/2000	\$220,000.00	\$17,560.00	\$237,560.00	571-614	\$480,000.00
2/1/2001		\$11,400.00	\$11,400.00		\$480,000.00
8/1/2001	\$235,000.00	\$11,400.00	\$246,400.00	615-661	\$245,000.00
2/1/2002		\$5818.75	\$5818.75		\$245,000.00
8/1/2002	\$245,000.00	\$5818.75	\$250,818.75	662-710	.00

Exhibit B

Freeway Park Garage Net Income

1997	52,000
1998	54,080
1999	56,243
2000	58,493
2001	60,833
2002	63,266
2003	350,000
2004	364,000
2005	378,560
2006	393,702
2007	409,450
2008	425,829
2009	442,862
2010	460,576
2011	478,999
2012	498,159
2013	518,085
2014	538,809
2015	560,361
2016	582,776
2017	606,087
2018	630,330
2019	655,543
2020	681,765

City of Seattle
Department of Administrative Services

Kenneth J. Nakatsu, Director

Norman B. Rice, Mayor



Memorandum

DATE: August 4, 1996

TO: Council President Jan Drago

FROM: Matthew Lampe *ML*
Department of Administrative Services

RE: WSCTC Memorandum of Agreement
Amendments

CC: David Bley
Anne Levinson
Ken Nakatsu

Amendment #1 --

This amendment makes, at the suggestion of the City Attorney's Office, a minor revision to the one of the amendments passed by the BECD Committee on July 16 by inserting the words "as part of this Agreement" to the last sentence in Section 6.

Amendment #2 --

This amendment modifies Paragraph 9.8 to be consistent with the adoption by the BECD Committee of the specific performance requirement in Paragraph 9.9, by deleting the reference to termination.

Amendment #3 --

This amendment substitutes a revised lease document for Freeway Park Garage as discussed at the BECD Committee on July 16. The revised lease addresses a number of technical and indemnification issues that remained as of July 16th.

Amendment #4 --

As discussed in my July 26 memo, here is the recommended language to address the request for a third amendment by the BECD at the July 16 memo. As we have discussed, this approach is more consistent with the Council approved Consolidated Plan and provides the Convention Center with a clear timeframe for the waiver decision.

Amendment #1

Replace the last sentence of Section 6, as amended by the BECD Committee on July 16, with the following:

The acceptance of the City's offers and commitments is not valid unless the Convention Center's acceptance includes the contractual commitment, as part of this Agreement, to commence and complete the Expansion Project.

Amendment #2

Replace the first paragraph of Paragraph 9.8 with the following language:

All disputes relating to the interpretation, application, violation or enforcement of this Agreement shall be arbitrated by a panel of three arbitrators; except that the irrevocable commitments specified in Section 6 above, provisions of the Lease executed under Section 7, amendments pursuant to Paragraph 9.1, and actions for specific performance pursuant to Paragraph 9.9 shall not be subject to arbitration

Amendment #3

Replace attachment C, the lease for the Freeway Park Garage, with the following revised attachment C:

Amendment #4

Add the following sentence to the end of Paragraph 4.7:

If any Replacement Housing project requires a waiver from dispersion requirement as defined by the City's Consolidated Plan for Housing and Community Development, in recognition of the critical timeframe for the replacement housing imposed by Paragraph 4.6, DHHS will issue its decision on such waiver request within 30 days.

City of Seattle
Department of Administrative Services

Kenneth J. Nakatsu, Director

Norman B. Rice, Mayor



Memorandum

RECEIVED OMP

JUL 08 1996

DATE: July 2, 1996

TO: Council President Jan Drago

VIA: Monica Power, OMP

FROM: Ken Nakatsu, Director
Department of Administrative Services

RE: Washington State Convention and Trade Center
Proposed Memorandum of Agreement and
Authorizing Legislation

CC: Councilmember Martha Choe
Deputy Mayor Anne Levinson
Matthew Lampe, DAS
David Bley, OIR

Attached please find the Ordinance authorizing the execution of the Memorandum of Agreement with the Washington State Convention and Trade Center. The Memorandum of Agreement, with its attachments are provided.

This Ordinance and Memorandum of Agreement are substantially similar to the draft materials presented to the Business, Economic and Community Development Committee for discussion on July 2nd. Minor editorial changes and clarifications to the language have been made.

Summary

The ordinance:

1. Authorizes the Mayor to execute the MOA. The commitments in the MOA become effective when the Convention Center has approved the MOA; selected an Expansion Option; accepted irrevocable commitments of funding from third parties to contribute at least \$7,500,000 to the Expansion Project; determined that the selected Expansion Option is financially feasible based on estimated project costs and available funding sources; and provided an unqualified commitment by the Convention Center that the financial commitments in this MOA shall be the entire financial commitment that will be requested of the City for the Expansion Project.

2. Imposes the 2% Hotel Sales Tax, which will not be collected until the Convention Center has entered into a financing contract for the expansion and financing instruments have been issued, and in no case before January 1, 2000. This tax is credited against the State Sales Tax (MOA Section 3 - page 5).
3. Approves a lease to the Convention Center for the Freeway Park Garage, as set out in the MOA. The lease cannot be executed until the Convention Center meets the conditions for acceptance of the City commitments in the MOA (MOA Section 7 page 12).
4. Establishes a City obligation to pay \$7.5 million dollars under the payment obligations of the MOA (MOA Section 5, Page 10).
5. Recognizes that the Convention Center, at a time in the future, may seek to revise their Property Use and Development Agreement and related Rezone to use some or all of the housing bonus generated by its contribution to the Eagles Project, together with the transferable development rights from the Eagles, on the North site. The ordinance expresses the judgement, pursuant to SMC 23.76.058, that such proposed amendments would be within the spirit and general purpose of, and not a major departure from the existing rezone and PUDA. The ordinance specifically indicates that the Council is making no judgement of the merits of such a proposal (MOA Section 8.4, page 15).
6. Authorizes the City to waive competitive bidding to enter into a management contract for the Freeway Park Garage with the Convention Center, to facilitate outside management prior to the lease discussed above. The Garage was reviewed during Managed Competition, but with an impending lease as part of this agreement, bidding out this function was not practical for the interim. This allows DAS to proceed with a revenue sharing interim arrangement for management of the Garage. The waiver also waives specific WMBE requirements in the Management Contract; the Convention Center would be governed by its own WMBE procedures in the Garage operation.

Commitments by the Convention Center

The ordinance recognizes that the Convention Center, in the MOA, is agreeing to certain contractual obligations to the City. The most important of these relate to housing replacement and tenant relocation. These provisions represent significant actions for a State agency; based on the recommendations of the Task Force, they significantly exceed the State's statutory obligations (MOA Section 4, page 5).

The specific commitment of the Convention Center to replace Housing (MOA Section 4.3, page 6) by replacing low income housing units (defined as units with rents below 60% of median income, whether subsidized or not) with units that will rent in the same income ranges. Low-income tenants will be assured a comparable unit at a comparable rent prior to the demolition of their units. The rent level of the units can be adjusted only for changes in the Median Income.

There is a special provision for the residents of the Waldorf, the apartment building that will be demolished with northward expansion, that goes far beyond the City's Tenant Relocation Assistance Ordinance (MOA Section 4.3(d), Page 7). The Waldorf has an expiring contract under the Section 8 program that provides tenants an additional subsidy to assist them to meet the rent levels that range from 40 - 60% of median income. This contract ends June 30, 1999. HUD has indicated that they will not provide building contracts in the future; while they cannot guarantee future availability of these subsidies, they have indicated an intent to provide vouchers for an equivalent subsidy for these tenants. This provision of the MOA commits the Convention Center, if HUD is unable to provide vouchers when they move into replacement housing, to continue to provide an equivalent subsidy at least through the end of the contract period. Both the Convention Center and the City are working with HUD to reach a long term resolution of this issue.

In addition to this commitment, the Convention Center is committed to a relocation payment to tenants of at least \$2142 per unit (MOA section 4.8, page 8), the amount that would represent the combined City and developer share under the City's TRA0. As the Convention Center will operate under the State relocation provisions, the City will have no relocation financial obligation for relocation payments.

Finally, the Convention Center is committed to not return to the City for additional funding for the expansion project.

Financial Commitments by the City

The Local Option Hotel Tax

The Local Option Hotel tax gets credited against the State portion of the sales tax on hotel rooms, so no tax increase is perceived by the hotels. The legislation authorizing the WSCTC to borrow requires that the City irrevocably commit to imposing this tax for the period of debt obligation on the WSCTC expansion.

The Freeway Park Garage Lease

The Task Force report included the Freeway Park Garage revenue stream as part of the City's contribution to the project to assure adequate cash flow for debt service coverage and operations of the WSCTC throughout the debt repayment period. The Garage also allows the WSCTC to better manage their parking demand. WSCTC is responsible for maintenance with the City sharing limited responsibility for the foundation and the structural elements supporting Freeway Park. A reserve fund for structural maintenance, to be used by either the City or WSCTC, is established in the MOA.

\$7.5 Million Dollars To The Project

The WSCTC has requested that the City commit \$7.5 million in either expansion direction. They have indicated that the North option is their preferred alternative, but no final decision will be made until the Final EIS is published.

The North option appears feasible if the City commits the same \$7.5 million previously discussed for the East Option and identified in the City's 6 year Capital Plan (rounded to \$7 million). To achieve feasibility, the WSCTC, in addition to this City contribution, would need to achieve over \$20 million from four sources: co-developer cash contributions; co-developer agreements assuming a portion of the WSCTC expansion costs; sale of assets, such as transferable development rights; and greater interest earnings than anticipated in the expansion legislation. (See project summary showing costs and funding sources attached as appendix 1).

The City Council Resolution 29034, supporting expansion of the WSCTC, set a target for City contribution to the project based on the reinvestment of 70% of the net revenue anticipated from the project (net present value of the future revenue stream, less any lost revenue or debt service costs incurred by the City). The contribution of \$7.5 million by the City represents an estimated contribution of 73% of anticipated net revenue created by the project (increased sales and B&O taxes from delegate and exhibitor activity and increased property tax yields from the co-development) with conservative assumptions in the analysis (assumptions attached as appendix 2). With the payment schedule developed in the MOA, the City is anticipated to have a continuously positive cash flow from the project (i.e. -- no negative General Fund impact).

Appendix 1

Summary of Expansion Options

	North	East
Function Area (square feet)		
Exhibit Hall Expansion	108,000	103,050
Lobby/Prefunction Expansion	35,450	29,200
Impacts		
Housing Units Displaced	128	394
Businesses Displaced	10	0
Cost	\$143,520,515	\$143,966,729
Financing -- Sources of funds		
State Certificates of Participation (COP)	\$111,700,000	\$111,700,000
Accrued Interest on COP	\$ 3,300,000	\$ 3,300,000
City Contribution (assumed for analysis)	\$ 7,500,000	\$ 7,500,000
Potential co-development contribution (range considering both cash contribution and cost avoidance)	\$ 15,000,000 - \$ 21,000,000	\$ 2,000,000 - \$ 4,000,000
Gap (assuming City contributes \$7.5 million)	\$0 - \$ 6,000,000	\$ 17,400,000 - \$ 19,400,000

Appendix 2

Cost/Benefit Analysis Assumptions

An analysis of the costs to the City and the new revenue streams associated with the project, similar to that previously performed for the East Option, was performed for the North Option.

To assure that the analysis was conservative in its approach, the following assumptions were used:

- same revenue stream for convention delegate spending, with no multiplier effect
- same revenue loss for Freeway Park Garage
- City debt service based on two payments, \$2.25 million when replacement housing starts and \$5.25 million when construction of the expansion starts
- private development of \$130 million (estimated range is \$100 million - \$160 million) for the purposes of construction sales tax revenue projection
- property tax increases for the co-development limited to the initial 10 years (assumes that the parcels will eventually develop despite the current fragmented ownership)
- no additional business activity (sales tax, B&O tax) associated with the co-development (to avoid double-counting convention delegate spending)
- no payment for street and alley vacations

**LEASE AGREEMENT
SPECIAL TERMS AND CONDITIONS**

I. PARTIES: THIS LEASE AGREEMENT is entered into by and between THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Lessor (hereinafter referred to as the "City"), and the Washington State Convention and Trade Center, a Washington public non-profit corporation chartered pursuant to RCW _67.40.020 (hereinafter referred to as "Lessee").

II. PREMISES: Subject to the terms and conditions set forth herein, the City hereby leases to the Lessee and the Lessee hereby leases from the City that structure commonly known as Freeway Park Garage, 1300 Hubbell Place, Seattle Washington, so depicted upon the map attached hereto as Exhibit A, and located upon that property legally described as follows:

Denny's Broadway Add portion of lot 1 Block 105 lying southerly of line defined as follows:

Beginning at southeasterly corner of said lot 1 then North 30-35-30 West 0.65 feet to true point of beginning then South 59-17-45 West 112.23 feet then North 30-42-15 West 0.35 feet then South 59-17-45 West 1.92 feet then South 30-42-15 East .035 feet then South 59-17-45 West to westerly line of said Lot 1 and terminus described line

Provided, however, that this lease shall not apply to that portion of the structure used for park purposes as of December 31, 1995. (Such property shall be referred to in this Lease as the "Premises").

III. USE/PURPOSE: The Premises may be used only for the following use and purpose: General purpose parking garage.

IV. TERM: The term of this Lease begins January 1, 1997 and terminates on December 31, 2026 unless it is terminated earlier pursuant to the provisions hereof.

V. RENT: In consideration of this Lease and subject to Paragraph (IX.), infra, the Lessee shall pay to the City as Base Rent the following yearly sum: one dollar per year (\$1.00). Base Rent shall be paid in advance, on or before the tenth day of January each year. Lessee shall pay to the City as Additional Rent, in accordance with the terms and conditions set forth in Paragraph IX, the City Garage Debt.

VI. LEASEHOLD EXCISE TAX: In addition to the Base Rent, the Lessee shall pay to the City the applicable Leasehold Excise Tax which, as of the commencement date, is zero dollars (\$0), but is subject to change.

VII. INSURANCE: The Lessee, at no expense to the City, shall secure and maintain during the full term of this Lease, one or more policies of general comprehensive liability insurance that fully protect the City from any and all claims and risks in connection with the Lessee's occupation of, or activities upon, the Premises, under which policies the following aggregate amounts of coverage shall be provided:

Commercial General Liability, including Garage Liability. A policy of commercial general liability insurance, written on an occurrence form, including all the usual coverages known as:

- premises/operations liability
- products/completed operations
- medical payments
- contractual liability
- broadened coverage-garages (CA25 14)
- employers liability (Stop Gap)

Minimum limits of liability: Bodily Injury and Property Damage \$2,000,000 per occurrence/ \$4,000,000 annual aggregate/per location aggregate.

Commercial Automobile Liability. A policy of Commercial Automobile Liability, including coverage for owned, non-owned, leased or hired vehicles.

Minimum limits of liability: Bodily Injury and Property Damage \$2,000,000 per accident/occurrence.

Garagekeepers Legal Liability (GKLL). Coverage for autos of others in the insured's care, custody, control, or possession. Maximum deductible \$500 per occurrence, for the following minimum coverages:

Comprehensive	\$2,000,000
Collision	\$2,000,000

Crime - Blanket Employee Dishonesty. Coverage A, CR 00 02)

\$100,000 per loss

\$500 maximum deductible any one loss

Property Insurance - Commercial Property. All Risk, replacement cost at 100% of building value, including:

Earthquake and Flood

Tenants Improvements and Betterments

Business Income and Extra Expense Coverage including Rental Value

Self Insurance: Should Lessee be self-insured, a letter from the Corporate Risk Manager, or appropriate Finance Officer, is acceptable, stipulating if actuarially funded and fund limits, and including any excess declaration pages to meet the contract requirements. Further, this letter should advise how Lessee would protect and defend the City of Seattle as an Additional Insured in its Self-Insured layer, and describe claims handling procedures in the event of a claim.

The above policies shall include the following provisions:

"The City of Seattle is an additional insured for all coverages provided by this policy of insurance and shall be fully and completely protected by this policy and for any and every injury, death, damage, and loss of any sort sustained by any person, organization, or corporation in connection with any act or omission of the Lessee under a Lease between The City of Seattle and the Washington State Convention and Trade Center.

"The coverages provided by this policy to the City or any other named insured shall not be terminated, reduced or otherwise changed in any respect without providing at least thirty (30) days' prior written notice to The City of Seattle, Attention: Director of Administrative Services, 618 Second Avenue, Seattle, Washington 98104, or to such other address as may be specified in writing by the City."

VIII. OTHER SPECIAL CONDITIONS:

A After payment of all rent, and subject to the provisions of subparagraph (7) hereof, the Lessee shall retain all Gross Receipts from the operation of the Garage for the term of the Lease.

B At its option, the Lessee may renew the Lease for a thirty year period provided all terms of this Lease are met and the expanded Convention Center is operational by December 31, 2002, and remains in operation at the end of the thirty year initial term. This option must be exercised in writing to the Director of the Department of Administrative Services or the director of any successor department, one hundred and eighty days before the expiration date of the lease.

C. The Lessee shall be entitled to set rates and hours of operation of the Garage.

D. The City hereby reserves a right of access to inspect and for purposes necessary or incidental to the operation of the park located above the Garage. At all times during the course of this lease, the City shall have the exclusive use, without charge, of four parking spaces. Lessee shall clearly mark such spaces as being for the exclusive use of Seattle Parks Department vehicles. The City shall also have exclusive use, without charge, of 300 square feet of storage area in the utility room on the park level.

E. The Lessee shall make payments to the City equal to the City's principal and interest payments on the debt service for the Garage, ("City Garage Debt"), with payments due forty-five days prior to the date when debt service must be paid by the City, as set forth in exhibit B attached hereto. The existing City Garage Debt shall be a first lien and charge on the Gross Receipts of the Garage.

F. If Lessee fails to secure a temporary or permanent certificate of occupancy from the City for the expansion of the Convention Center by December 31, 2002, then commencing January 1, 2003, the Base Rent to the City shall increase to 20% of the gross receipts from the operation of the Premises, plus payment of the City Garage Debt for so long as any Certificates of Participation or any other instrument used to finance the Convention Center expansion are outstanding. If the Lessee subsequently obtains a temporary or permanent certificate of occupancy for the expansion of the Convention Center, the Base Rent shall revert as of the date of the certificate of occupancy, to one dollar per year plus City Garage Debt. The City may, at its sole discretion and without recourse by the Convention Center, and provided the expansion is not operational, terminate the Lease at any time once all of the Lessee's lease obligations in which Certificates of Participation have been issued or payment obligations under other instruments used to finance the expansion have been satisfied.

G. Not later than January 31, 1998, the City shall establish a reserve account which may, at the City's option, be in the City Treasury, to be used for structural repair purposes. Such account may be drawn upon by the Lessee or the City, with the concurrence of both parties signified by the signature of a representative of the Lessor and Lessee, for the structural repair obligations of either the City or the Lessee to the Premises. (For the purpose of this lease, structural members are defined as the framing members designed to support gravity loads and resist lateral forces. These members consist of beams, columns and horizontal elements functioning as diaphragms. Structural repair is repair to a beam, column, or horizontal element functioning as a diaphragm, related to its ability to perform in a role of supporting gravity loads or resisting lateral forces.) Any funds remaining in the reserve account at the termination of this Lease and any extensions thereto shall become the sole property of the City. The Lessee shall, within the time limits stated below:

- 1) deposit into the account \$500,000 from the sale of instruments for financing the expansion project within ninety (90) days of the sale of such instruments or, at the election of the Lessee,
- 2) deposit into the account 10% of the annual Net Operating Income above the projections in Exhibit C, up to \$20,000 per year, until the account balance including interest on invested account funds reaches \$500,000. The Director of Administrative Services, with the advice of the Director of the Department of Finance, must approve any investment account into which these funds are deposited. The first annual deposit shall be made within sixty (60)

days of the end of the initial calendar year, and each subsequent payment must be made by March 1 for the previous calendar year.

The Convention Center shall promptly deposit into the account such sums as may be necessary to restore the balance therein to \$500,000 in accordance with 1), above, or until the balance of \$500,000 is reached in accordance with 2), above, after any withdrawal from the account is made.

H. This Lease may be terminated by the City with notice as set forth below, and without recourse by the Lessee if any of the following occurs:

(i) The Washington State Convention and Trade Center or the Expansion Project, ceases to be used primarily for public convention purposes; (ii) title to any portion of the Washington State Convention and Trade Center, including the Expansion Project, is conveyed other than for purposes of providing security for the financing of the Expansion Project; or (iii) the Washington State Convention and Trade Center fails to comply with a material provision of this Lease.

In the event the City intends to terminate this Lease, the City shall provide a written notice to cure, identifying the nature of the alleged basis for termination with reasonable specificity, and advising the Lessee of the City's intent to terminate the Lease. If, at any time when the City intends to terminate this lease, there remain outstanding obligations to re-pay Certificates of Participation or any other payments to be made pursuant to the financing contract used to finance the Expansion Project, and the City has been notified of the identity of a trustee (including any successor trustee) for the benefit of holders of such certificates or other instruments, then, in addition to the Lessee, such trustee shall be entitled to receive notice to cure, and the opportunity to cure or to offer refutation or excuse of the alleged failure, as specified above. All further actions shall conform to the following procedures:

The Convention Center shall, within ten (10) days after receipt of such notice if the breach is a failure to pay City Garage Debt or to maintain required insurance, otherwise, within thirty (30) days after receipt of such notice or such longer period of time as the City may specify in such notice, either cure such alleged failure or, in a written response to the City, present facts and arguments in refutation or excuse of such alleged failure or state that such alleged failure will be cured and set forth the method and time schedule for accomplishing such cure.

The City shall determine (i) whether a failure to comply with a material provision has occurred; (ii) whether such failure is excusable; (iii) whether such failure has been cured or will be cured by the Lessee; and (iv) whether any proposed cure is reasonable. The Lessee shall make available to the City, if requested, any records, documents or other information necessary to make the determination.

If the City determines that a failure to comply with a material provision has occurred and that such failure is not excusable and has not been or will not be cured by the Convention Center in a manner and in accordance with a schedule reasonably satisfactory to the City, the Mayor shall provide notice and findings to the Convention Center.

No termination of the lease pursuant to this section shall be effective sooner than fourteen days after the findings are provided to the Convention Center. In the event that the City determines that such failure has not occurred, or that such failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the City, or that such failure is excusable, such determination shall conclude the investigation.

I. The Lessee shall offer positions of employment, under the personnel rules of the Convention Center, within the Garage, to the permanent City staff who are currently employed in the Garage, up to the total hours of additional staffing that the Convention Center requires to operate the expanded garage.

IX.AGREEMENT CONTENTS: This Lease consists of these Special Terms and Conditions as well as the General Terms and Conditions hereto attached. It embodies the entire agreement of the parties hereto and supersedes all other understandings or agreements, written or oral, between the parties relating to the subject matter of this Lease.

X.EFFECTUATION OF AGREEMENT: In order to be effective, this Lease must be (1) signed by an authorized representative of the Lessee and returned to the Director at the address set forth below, accompanied by any required policy of insurance, and (2) signed by the Director pursuant to Ordinance authority.

rev7/26/96

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

CITY OF SEATTLE

**WASHINGTON STATE CONVENTION AND
TRADE CENTER**

By _____
Director of Administrative Services

By _____
(Signature)

(Print or Type Name)

Authorizing Ordinance _____

(Print or Type Title)

City's address for all communications:

Lessee's address for all communications:

Department of Administrative Services
Property Management Section
618 Second Avenue, 14th Floor
Seattle, Washington 98104

ref: FacSvcs Lease No. 11 (FREE)

July 26, 1996

LEASE AGREEMENT SPECIAL TERMS AND CONDITIONS

I. PARTIES: THIS LEASE AGREEMENT is entered into by and between THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Lessor (hereinafter referred to as the "City"), and the Washington State Convention and Trade Center, a Washington public non-profit corporation chartered pursuant to RCW 67.40.020 (hereinafter referred to as "Lessee").

II. PREMISES: Subject to the terms and conditions set forth herein, the City hereby leases to the Lessee and the Lessee hereby leases from the City that structure commonly known as Freeway Park Garage, 1300 Hubbell Place, Seattle Washington, so depicted upon the map attached hereto as Exhibit A, and located upon that property legally described as follows:

Parcel B-1:

That portion of lots 2 and 3 in block 63 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), as per plat recorded in volume 1 of plats, page 89 records of King County, lying easterly of the easterly line as created by City of Seattle ordinance no. 102552;

Together with that portion of lot 1 in block 105 of A.A. Denny's Broadway addition to the City of Seattle, as per plat recorded in volume 6 of plats, page 40, records of King County, lying northwesterly of the northwesterly line as created by City of Seattle ordinance no. 104768;

and together with those portions which attached to said property by operation of law of the following:

that portion of the south 1/2 of University Street adjoining said lots 1 and 2 and also that portion of vacated 8th Avenue which lies southerly of the centerline of said University street extended across said 8th Avenue, all as vacated by City of Seattle ordinance no. 113984, recorded under recording no. 8806150603;

situate in the City of Seattle, County of King, State of Washington.

Parcel B-2:

That portion of lot 1 in block 105 of A.A. Denny's Broadway addition to the City of Seattle, as per plat recorded in volume 6 of plats, page 40, records of King County, lying southerly of a line described as:

beginning at the southeasterly corner of said lot;
thence north 30°35'30" west 0.65 feet to the beginning of said line;
thence south 59°17'45" west 112.23 feet;
thence north 30°42'15" west 0.35 feet;
thence south 59°17'45" west 1.92 feet;
thence south 30°42'15" east 0.35 feet;
thence south 59°17'45" west to the westerly line of said lot and the terminus of said line;

situate in the City of Seattle, County of King, State of Washington.

Parcel B-3:

That portion of lot 2, 3, 6, 7, 9, and 12 in block 106 of A. A. Denny's Broadway addition to the City of Seattle, as per plat recorded in volume 6 of plats, page 40, records of King County, lying westerly of a line described as:

beginning at a point on the northeasterly line of said lot 6, north 30°35'33" west 10.65 feet distant from the southeast corner of said lot 6;
thence along a curve to the left, with a radius of 999 feet, with a radial bearing of south 67°26'31" east through a central angle of 12°26'01", an arc distance of 216.79 feet;
thence south 80°40'00" east 19 feet;
thence south 09°20'00" west 0.37 feet;
thence south 79°32'28" east 9.86 feet;
thence south 30°37'35" east 23.88 feet to a point on the northwesterly margin of University Street and the terminus of said line;

except that portion thereof for primary state highway no. 1 (s.r. 5) and for Hubbell Place;

together with that portion described as parcel A in City of Seattle ordinance no. 111838;

and together with that portion of vacated 9th Avenue and the alley in said block 106 adjoining, which, upon vacation, attached to said property by operation of law;

situate in the City of Seattle, County of King, State of Washington.

Provided, however, that this lease shall not apply to that portion of the structure used for park purposes as of December 31, 1995. (Such property shall be referred to in this Lease as the "Premises").

III. USE/PURPOSE: The Premises may be used only for the following use and purpose: General purpose parking garage.

IV. TERM: The term of this Lease begins February 1, 1997 and terminates on January 31, 2027 unless it is terminated earlier pursuant to the provisions hereof.

V. RENT: In consideration of this Lease and subject to Paragraph (IX.), infra, the Lessee shall pay to the City as Base Rent the following yearly sum: one dollar per year (\$1.00). Base Rent shall be paid in advance, on or before the tenth day of January each year. Lessee shall pay to the City as Additional Rent, in accordance with the terms and conditions set forth in Paragraph IX, the City Garage Debt.

VI. LEASEHOLD EXCISE TAX: In addition to the Base Rent, the Lessee shall pay to the City the applicable Leasehold Excise Tax which, as of the commencement date, is zero dollars (\$0), but is subject to change.

VII. INSURANCE: The Lessee, at no expense to the City, shall secure and maintain during the full term of this Lease, one or more policies of general comprehensive liability insurance that fully protect the City from any and all claims and risks in connection with the Lessee's occupation of, or activities upon, the Premises, under which policies the following aggregate amounts of coverage shall be provided:

Commercial General Liability, including Garage Liability. A policy of commercial general liability insurance, written on an occurrence form, including all the usual coverages known as:

- premises/operations liability
- products/completed operations
- medical payments
- contractual liability
- broadened coverage-garages (CA25 14)
- employers liability (Stop Gap)

Minimum limits of liability: Bodily Injury and Property Damage \$2,000,000 per occurrence/ \$4,000,000 annual aggregate/per location aggregate.

Commercial Automobile Liability. A policy of Commercial Automobile Liability, including coverage for owned, non-owned, leased or hired vehicles.

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Garagekeepers Legal Liability (GKLL). Coverage for autos of others in the insured's care, custody, control, or possession. Maximum deductible \$500 per occurrence, for the following minimum coverages:

Comprehensive	\$2,000,000
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Crime - Blanket Employee Dishonesty. Coverage A, CR 00 02)

\$100,000 per loss

\$500 maximum deductible any one loss

Property Insurance - Commercial Property. All Risk, replacement cost at 100% of building value, including:

Earthquake and Flood

Tenants Improvements and Betterments

Business Income and Extra Expense Coverage including Rental Value

Self Insurance: Should Lessee be self-insured, a letter from the Corporate Risk Manager, or appropriate Finance Officer, is acceptable, stipulating if actuarially funded and fund limits, and including any excess declaration pages to meet the contract requirements. Further, this letter should advise how Lessee would protect and defend the City of Seattle as an Additional Insured in its Self-Insured layer, and describe claims handling procedures in the event of a claim.

The above policies shall include the following provisions:

"The City of Seattle is an additional insured for all coverages provided by this policy of insurance and shall be fully and completely protected by this policy and for any and every injury, death, damage, and loss of any sort sustained by any person, organization, or corporation in connection with any act or omission of the Lessee under a Lease between The City of Seattle and the Washington State Convention and Trade Center.

"The coverages provided by this policy to the City or any other named insured shall not be terminated, reduced or otherwise changed in any respect without providing at least thirty (30) days' prior written notice to The City of Seattle, Attention: Director of Administrative Services, 618 Second Avenue, Seattle, Washington 98104, or to such other address as may be specified in writing by the City."

VIII. OTHER SPECIAL CONDITIONS:

A After payment of all rent, and subject to the provisions of subparagraph (7) hereof, the Lessee shall retain all Gross Receipts from the operation of the Garage for the term of the Lease.

B At its option, the Lessee may renew the Lease for a thirty year period provided all terms of this Lease are met and the expanded Convention Center is operational by December 31, 2002, and remains in operation at the end of the thirty year initial term. This option must be exercised in writing to the Director of the Executive Services Department or the director of any successor department, one hundred and eighty days before the expiration date of the lease.

C. The Lessee shall be entitled to set rates and hours of operation of the Garage.

D. The City hereby reserves a right of access to inspect and for purposes necessary or incidental to the operation of the park located above the Garage. At all times during the course of this lease, the City shall have the exclusive use, without charge, of four parking spaces. Lessee shall clearly mark such spaces as being for the exclusive use of Seattle Parks Department vehicles. The City shall also have exclusive use, without charge, of 300 square feet of storage area in the utility room on the park level.

E. The Lessee shall make payments to the City equal to the City's principal and interest payments on the debt service for the Garage, ("City Garage Debt"), with payments due forty-five days prior to the date when debt service must be paid by the City, as set forth in exhibit B attached hereto. The existing City Garage Debt shall be a first lien and charge on the Gross Receipts of the Garage.

F. If Lessee fails to secure a temporary or permanent certificate of occupancy from the City for the expansion of the Convention Center by December 31, 2002, then commencing January 1, 2003, the Base Rent to the City shall increase to 20% of the gross receipts from the operation of the Premises, plus payment of the City Garage Debt for so long as any Certificates of Participation or any other instrument used to finance the Convention Center expansion are outstanding. If the Lessee subsequently obtains a temporary or permanent certificate of occupancy for the expansion of the Convention Center, the Base Rent shall revert as of the date of the certificate of occupancy, to one dollar per year plus City Garage Debt. The City may, at its sole discretion and without recourse by the Convention Center, and provided the expansion is not operational, terminate the Lease at any time once all of the Lessee's lease obligations in which Certificates of Participation have been issued or payment obligations under other instruments used to finance the expansion have been satisfied.

G. Not later than January 31, 1998, the City shall establish a reserve account which may, at the City's option, be in the City Treasury, to be used for structural repair purposes. Such account may be drawn upon by the Lessee or the City, with the concurrence of both parties signified by the signature of a representative of the Lessor and Lessee, for the structural repair obligations of either the City or the Lessee to the Premises. (For the purpose of this lease, structural members are defined as the framing members designed to support gravity loads and resist lateral forces. These members consist of beams, columns and horizontal elements functioning as diaphragms. Structural repair is repair to a beam, column, or horizontal element functioning as a diaphragm, related to its ability to perform in a role of supporting gravity loads or resisting lateral forces.) Any funds remaining in the reserve account at the termination of this Lease and any extensions thereto shall become the sole property of the City. The Lessee shall, within the time limits stated below:

- 1) deposit into the account \$500,000 from the sale of instruments for financing the expansion project within ninety (90) days of the sale of such instruments or, at the election of the Lessee,
- 2) deposit into the account 10% of the annual Net Operating Income above the projections in Exhibit C, up to \$20,000 per year, until the account balance including interest on invested account funds reaches \$500,000. The Director of Executive Services, with the advice of the Director of the Finance Division, must approve any investment account into which these funds are deposited. The first annual deposit shall be made within sixty

(60) days of the end of the initial calendar year, and each subsequent payment must be made by March 1 for the previous calendar year.

The Convention Center shall promptly deposit into the account such sums as may be necessary to restore the balance therein to \$500,000 in accordance with 1), above, or until the balance of \$500,000 is reached in accordance with 2), above, after any withdrawal from the account is made.

H. This Lease may be terminated by the City with notice as set forth below, and without recourse by the Lessee if any of the following occurs:

(i) The Washington State Convention and Trade Center or the Expansion Project, ceases to be used primarily for public convention purposes; (ii) title to any portion of the Washington State Convention and Trade Center, including the Expansion Project, is conveyed other than for purposes of providing security for the financing of the Expansion Project; or (iii) the Washington State Convention and Trade Center fails to comply with a material provision of this Lease.

In the event the City intends to terminate this Lease, the City shall provide a written notice to cure, identifying the nature of the alleged basis for termination with reasonable specificity, and advising the Lessee of the City's intent to terminate the Lease. If, at any time when the City intends to terminate this lease, there remain outstanding obligations to re-pay Certificates of Participation or any other payments to be made pursuant to the financing contract used to finance the Expansion Project, and the City has been notified of the identity of a trustee (including any successor trustee) for the benefit of holders of such certificates or other instruments, then, in addition to the Lessee, such trustee shall be entitled to receive notice to cure, and the opportunity to cure or to offer refutation or excuse of the alleged failure, as specified above. All further actions shall conform to the following procedures:

The Convention Center shall, within ten (10) days after receipt of such notice if the breach is a failure to pay City Garage Debt or to maintain required insurance, otherwise, within thirty (30) days after receipt of such notice or such longer period of time as the City may specify in such notice, either cure such alleged failure or, in a written response to the City, present facts and arguments in refutation or excuse of such alleged failure or state that such alleged failure will be cured and set forth the method and time schedule for accomplishing such cure.

The City shall determine (i) whether a failure to comply with a material provision has occurred; (ii) whether such failure is excusable; (iii) whether such failure has been cured or will be cured by the Lessee; and (iv) whether any proposed cure is reasonable. The Lessee shall make available to the City, if requested, any records, documents or other information necessary to make the determination.

If the City determines that a failure to comply with a material provision has occurred and that such failure is not excusable and has not been or will not be cured by the Convention Center in a manner and in accordance with a schedule reasonably satisfactory to the City, the Mayor shall provide notice and findings to the Convention Center.

No termination of the lease pursuant to this section shall be effective sooner than fourteen days after the findings are provided to the Convention Center. In the event that the City determines that such failure has not occurred, or that such failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the City, or that such failure is excusable, such determination shall conclude the investigation.

I. The Lessee shall offer positions of employment, under the personnel rules of the Convention Center, within the Garage, to the permanent City staff who are currently employed in the Garage, up to the total hours of additional staffing that the Convention Center requires to operate the expanded garage.

IX. AGREEMENT CONTENTS: This Lease consists of these Special Terms and Conditions as well as the General Terms and Conditions hereto attached. It embodies the entire agreement of the parties hereto and supersedes all other understandings or agreements, written or oral, between the parties relating to the subject matter of this Lease.

X. EFFECTUATION OF AGREEMENT: In order to be effective, this Lease must be (1) signed by an authorized representative of the Lessee and returned to the Director at the address set forth below, accompanied by any required policy of insurance, and (2) signed by the Director pursuant to Ordinance authority.

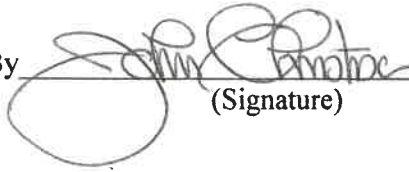
rev1/17/97

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

CITY OF SEATTLE

WASHINGTON STATE CONVENTION AND
TRADE CENTER

By 
Director Executive Services Department

By 
(Signature)
John Christison
(Print or Type Name)

Authorizing Ordinance 118225

President / General Manager

(Print or Type Title)

City's address for all communications:

Department of Executive Services
Property Management Section
618 Second Avenue, 14th Floor
Seattle, Washington 98104

Lessee's address for all communications:

Washington State Convention & Trade Center
800 Convention Place
Seattle, Washington 98101

ref: FacSvcs Lease No. 11 (FREE)

January 17, 1997

Acknowledgment—City

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 Director of the Executive Services Department 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: 2/7/97

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

Acknowledgment—Corporate

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that John Christenson
is the individual who appeared before me, and said individual acknowledged that he signed this
instrument, on oath stated that he was authorized to execute the instrument and acknowledged it
as the President / General Manager of the Washington State Corr. & Trade Ctr. to
be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 1/30/97

Linda J. Baze
(Notary Signature)

LINDA J. BAZE
(Print Name)

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

1064 Kirkland Ave NE, #309
Seattle, WA 98056

My appointment expires

6/15/2000

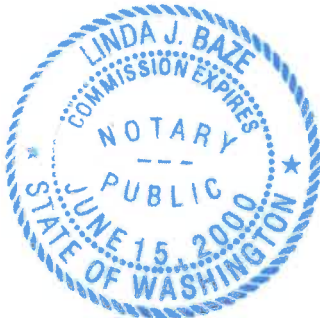


EXHIBIT B

Debt Service Schedule for Freeway Park Garage

Date	Payments Principal	Payments Interest	Total Payment Due	Bonds Due Numbers	Balance
8/1/1996	\$180,000.00	\$39,400.00	\$219,400.00	415-450	\$1,300,000.00
2/1/1997		\$34,360.00	\$34,360.00		\$1,300,000.00
8/1/1997	\$190,000.00	\$34,360.00	\$224,360.00	451-488	\$1,110,000.00
2/1/1998		\$29,040.00	\$29,040.00		\$1,110,000.00
8/1/1998	\$200,000.00	\$29,040.00	\$229,040.00	489-528	\$910,000.00
2/1/1999		\$23,440.00	\$23,440.00		\$910,000.00
8/1/1999	\$210,000.00	\$23,440.00	\$233,440.00	529-570	\$700,000.00
2/1/2000		\$17,560.00	\$17,560.00		\$700,000.00
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2/1/2002		\$5818.75	\$5818.75		\$245,000.00
8/1/2002	\$245,000.00	\$5818.75	\$250,818.75	662-710	.00

Exhibit C

Freeway Park Garage Net Income

1997	52,000
1998	54,080
1999	56,243
2000	58,493
2001	60,833
2002	63,266
2003	350,000
2004	364,000
2005	378,560
2006	393,702
2007	409,450
2008	425,829
2009	442,862
2010	460,576
2011	478,999
2012	498,159
2013	518,085
2014	538,809
2015	560,361
2016	582,776
2017	606,087
2018	630,330
2019	655,543
2020	681,765

LEASE AGREEMENT GENERAL TERMS AND CONDITIONS

1. POSSESSION. In the event of the inability of the City to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, neither the City nor any of its officers, employees or agents shall be liable for any damage caused thereby, nor shall this Lease thereby become void or voidable nor shall the term herein specified be in any way extended, but in such event, the Lessee shall not be liable for any rent until such time as the City can deliver possession.

2. UTILITIES AND SERVICES. Unless otherwise provided in the Special Terms and Conditions of this Lease, the Lessee shall provide, or shall otherwise pay, before delinquency, all costs for providing all utilities and other services on or to the Premises including, where applicable, but not limited to elevator service, electricity, gas, water, telephone, sewer, garbage, solid waste, heating, janitorial, security, and grounds maintenance, and shall also pay all charges for utility installations and modifications thereto occasioned by the Lessee's requirements. The City shall not be liable for any injury, loss or damage caused by or resulting from any interruption or failure of such services to any cause whatsoever except the City's negligence. The Lessee shall not be entitled to an offset, reduction or return of rental as the result of any interruption or failure of said services.

3. LIABILITY.

(a) Indemnification Notwithstanding any provision of this Lease to the contrary, Lessee shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, judgments, losses and expenses (including reasonable attorney's fees and costs) suffered by any person or entity by reason of or resulting from any act or omission of Lessee or any of its employees or agents in connection with Lessee's use or occupancy of the Premises during the term of this Lease.

(b) Flammable/Hazardous Substances: The Lessee understands and agrees that flammable or Hazardous Substances, including explosives, petroleum products, paint, solvents, and resins, are not allowed on the Premises without the express written permission of the City. In the event written permission to store the preceding materials is granted by the City, disposal of such materials shall be in a legal manner by the Lessee.

Prior to initiating any process requiring the use or storage of, or generating, on or adjacent to the leased premises, Hazardous Substances, the Lessee covenants and agrees to obtain the City's prior approval. The City may consider approving the specific use, but only after the Lessee demonstrates to the satisfaction of the City that Lessee has all necessary permits for operation and a Hazardous Substances emergency response plan.

Lessee agrees to cooperate in any environmental audits conducted by the City's staff or independent third parties. Lessee agrees to reimburse the City for the cost of such audits. Lessee agrees to provide the City with notice of every governmental inspection of the leased premises, notice of violation, and order to clean up contamination, within five (5) days after receipt thereof by the Lessee. Lessee agrees to permit the City to participate in all settlement or abatement discussions. In the event Lessee fails to take remedial measures as stated in any final administrative or judicial order or decrees signed by a state, federal, or local regulatory agency within 90 days of such order or decree, the City may elect to perform such work, and Lessee covenants and agrees to reimburse the City for all direct and indirect costs associated by the City's work.

Lessee hereby agrees to release, defend and indemnify the City and hold the City harmless for any suits, claims, damages, strict liabilities, and costs or liabilities associated with the removal or remediation of any Hazardous Substance (including petroleum and gasoline products) that are released onto or from the Premises, or otherwise come to be located on the Premises during the term of the Lease, including but not limited to those that may have migrated to or from the Premises. "Cost" shall include, but not be limited to, all response or remediation costs,

disposal fees, investigation costs, monitoring costs, civil or criminal penalties, attorney fees, and other litigation costs incurred in connection with such removal or remediation.

Lessee's duties under this paragraph shall not apply to the extent the suit, claim, damages or costs result solely from hazardous substances released prior to the beginning of the lease term. To the extent the suit, claim, damages or costs arise from hazardous substances released in part prior to the lease term and in part after the beginning of the lease term, then (1) Lessee's duty to defend shall apply, and (2) Lessee shall indemnify the City for Lessee's proportionate share. Lessee's "proportionate share," for purposes of the preceding sentence, shall be the percentage of damages or costs that are attributable to releases of hazardous substances after the commencement of the Lease.

Lessee further agrees to retain any and all liabilities arising from the off-site disposal, handling, treatment, storage, or transportation of any Hazardous Substances, including petroleum products, removed from the Premises. Lessee's obligations and liabilities under this section shall survive the expiration of this Lease.

The term "Hazardous Substance," as used herein, means any hazardous, toxic, or dangerous waste, substance or material, including petroleum products, or any containment, pollutant or chemical defined or identified in any environmental regulation as posing a potential risk to human health or the environment.

(c) Assumption of Risk: The placement and storage of personal property on the Premises shall be the responsibility, and at the sole risk, of the Lessee.

(d) Insurance: Evidence, to the reasonable satisfaction of the Director of the Executive Services Department, of the Lessee's maintenance of insurance as required by this Lease shall be submitted to the Director prior to the initial occupancy of any portion of the Premises, and thereafter, within a reasonable time after the Lessee's receipt of a request for such evidence, which time, in no event, shall exceed four (4) City business days. The "ACORD" form of Certificate of Insurance shall not be submitted as such evidence, and shall not be deemed to be satisfactory evidence unless the following changes are made on such form:

The wording of the top of the form:

"This certificate is issued as a matter of information only and confers no rights upon the certificate holder."

shall be deleted in its entirety.

The wording at the bottom of form:

"Should any of the above described policies be canceled before the expiration date thereof, the issuing company will endeavor to mail thirty (30) days written notice to the below named certificate holder, but failure to mail such notice shall impose no obligation of any kind upon the company."

shall be changed to read -

"Should any of the above described policies be canceled, reduced as to coverage, or otherwise changed before the expiration date thereof, the issuing company shall provide written notice of such action to the below named certificate holder/City of Seattle, Property Management Division, 618 Second Avenue, 14th Floor, Seattle, WA 98104, at least thirty (30) days prior to the effective date of such change or cancellation."

Notwithstanding any provision herein to the contrary, the failure of the Lessee to comply with the requirements of this Lease regarding insurance shall subject this Lease to immediate termination consistent with the notice provisions of the special conditions of this Lease.

4. COMPLIANCE WITH LAW.

(a) Applicable Law: This Lease shall be construed under and governed by all applicable laws of the United States of America and the State of Washington and the Charter and ordinances of The City of Seattle, as well as all rules and regulations of any such governmental entity.

(b) Licenses, Permits and Taxes: The Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the Premises, and all taxes on personal property of the Lessee on the Premises and any excise or other taxes on the leasehold interest created by this Lease; and in the event the State of Washington makes any demand upon the City for payment of leasehold excise taxes resulting from the Lessee's occupation of the Premises or withholds funds due to the City to enforce collection of leasehold excise taxes, the Lessee, at its sole expense, shall contest such action and indemnify the City for all sums expended by, or withheld by the State from, the City in connection with such taxation.

(c) Equal Employment Opportunity and Nondiscrimination The Lessee shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and The City of Seattle, including the Seattle Municipal Code (SMC), notably SMC Ch. 20.44, and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

(d) Women's & Minority Business Enterprise Utilization. Although there are no requirements in this Lease Agreement that Lessee specifically set-aside a percentage of work for Women-owned or Minority-owned Business Enterprises, the following language is required to be inserted in every City contract by Seattle Municipal Code 20.46 A, and therefore it is included in this agreement:

This lease hereby incorporates by reference Seattle Municipal Code (SMC) Ch. 20.46A. The failure of the Lessee to comply with any of the requirements of SMC Ch. 20.46A shall be a material breach of contract. The purpose of Seattle's WMBE Program is to provide a prompt remedy for the effects of past discrimination. The City in general, and this Program in particular, are damaged when a contract, or portion of a contract, to be performed by a WBE or MBE is not actually performed by a WBE or MBE in compliance with SMC Ch. 20.46A. Because the actual amount of such damage is not reasonably calculable, the parties agree and stipulate that liquidated damages equal to the unmet dollar amount of any WBE or MBE set-aside will fairly compensate the City for resulting delays in carrying out the purpose of the program, the costs of meeting utilization targets through additional contracts, the administrative costs of investigation and enforcement, and other damages and costs caused by the violation. The Lessee, as an instrumentality of the State, is subject to State requirements for WMBE and as such, in the absence of set-aside requirements in this lease, is presumed to comply with these requirements by complying with the state requirements.

During the term of this lease, the Lessee shall:

- (i) Meet the WBE and MBE set-asides established for the lease, if any;
- (ii) Make affirmative efforts to utilize WMBEs in performing the terms of the lease, whether as subcontractors, suppliers, or in any other capacity;
- (iii) Require that all subcontractors make affirmative efforts to utilize WMBEs in performance of the lease;
- (iv) Maintain records reasonably necessary for monitoring compliance with the provisions of this chapter, and submit such information as may be requested by the Director of the Executive Services Department in order to monitor and enforce compliance; and

(v) Require that subcontractors maintain records reasonably necessary for monitoring the subcontractors' compliance with the provisions of this chapter, and that the subcontractors submit such information as may be requested by the Director of the Executive Services Department in order to monitor and enforce compliance.

(e) Permits: The Lessee, at no expense to the City, shall obtain any and all building permits, change of use permits, and/or certificates occupancy from the City as may be required and shall deliver a copy of the same to the Director..

(f) Hazardous Substance: The Lessee shall not store hazardous substance in the Premises and shall notify the Lessor immediately of any release of hazardous material.

5. SUBLEASES OR ASSIGNMENTS; LIMITATIONS ON USE AND PURPOSE. Except as provided in the Special Terms and Conditions, the Lessee shall not enter into any sublease of the Premises or any portion thereof or any assignment of any interest in this Lease, whether long- or short-term in nature, or engage in any activity with respect to or on the Premises other than for the express uses and purposes stipulated herein without written permission from the Director. Except that nothing in this lease shall be construed to prevent the lessee from assigning the leasehold interest in the garage to a trustee (including any successor trustee) for the benefit of holders of Certificates of Participation in payments to be made pursuant to the financing contract used to finance the expansion or by such trustee to effectuate its remedies in the event of a default in or non-appropriation of payments pursuant to the financing contract used to finance the expansion.

6. USE AND CARE OF THE PREMISES.

(a) General Condition: The Lessee shall keep the Premises at all times and at no expense to the City, in a neat, clean, safe and sanitary condition and shall keep and use the Premises in accordance with the laws of the State of Washington and Charter and ordinances of The City of Seattle, and in accordance with all authorized rules and regulations of the Health Officer, Fire Marshall, Building Inspector and other officers of The City of Seattle. The Lessee shall not permit any waste, damage, or injury to the Premises; use or permit on the Premises anything that will increase the risk of fire thereon; maintain anything on the Premises that may be dangerous to life or limb; overload the floors, permit any objectionable noise or odor to escape or to be emitted from the Premises; permit anything to be done upon the Premises that in any way will tend to create a nuisance or, in the event of multiple occupancy, to disturb any other tenants or use of the building in which the Premises form a part; or to use or permit the use of the Premises for lodging or sleeping purposes.

(b) Maintenance - Repairs: The Premises have been inspected by both parties and are accepted by Lessee 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. The City will be responsible for maintenance and repair of all structural members of the Premises providing subjacent and lateral support for properties adjoining the Premises. The Lessee will be responsible for all other maintenance and repair of the Premises and for cleaning, including the foundation, columns, girders, beams, supports, slabs, walls, floors, stairs, elevator, and driveways. The Freeway Park, including the restroom, will be maintained by the City.

(c) Alterations: With the prior written approval of the Director, the Lessee, at its sole cost, shall have the right to make modifications to the Premises, including but not limited to one or more interior vehicular and/or pedestrian connections to the Convention Center parking garage, and shall be allowed to integrate the Garage operation with the Convention Center parking garage and operate the two garages as a single facility. All alterations, additions and improvements that are made, shall be at the sole cost and expense of Lessee, and shall become the property of the City, and shall remain in and be surrendered with the Premises as part thereof at the termination of this Lease, without disturbance, molestation or injury. The City reserves an unqualified right to make alterations to the Premises or to the building in which the Premises are situated (1) where conditions deemed by the Director to constitute an emergency, exist; or (2) in order to correct code-deficiencies; provided, such alterations do not unreasonably interfere with the ordinary operation of the Premises by the Lessee.

(d) Access: The City reserves for itself, its officers, employees, agents and contractors, free access to the Premises at all reasonable times for the purposes of inspecting, or making repairs, additions or alterations to the Premises or any other property owned by or under the control of the City, but this right shall not be construed as an agreement on the part of the City to make inspections, or make repairs, additions or alterations. The Lessee shall have reasonable access to other property of the City where necessary to provide utility services to the Premises; all of the Lessee's work on such other City property shall be at no expense to the City.

(e) Signs: The Lessee shall not display, inscribe, paint or affix to any part of the Premises any sign except a sign that has been approved, in writing, by the Director, prior to such placement.

7. DAMAGE OR DESTRUCTION. In the event that the Premises (a) are damaged by fire, earthquake, act of war, or other extraordinary casualty to such an extent as to render them untenable in whole or in substantial part; or (b) are destroyed, the City shall not be obligated to rebuild the premises or to compensate the Lessee for any loss of income under this lease. The Lessee will not be liable for any loss, damage, or destruction of the premises, except loss, damage, or destruction caused directly by the waste, or willful negligent action of the Lessee, or failure of the Lessee to perform its obligations under this lease. The City shall not be obligated to restore the functionality of the Premises in the event of loss, damage, or destruction.

8. NOTICES. Any notice to be given by either party to the other 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 provided in the Special Terms and Conditions hereof, or to such other respective addresses as either party may, from time to time, designate in writing.

9. 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 Lessee or any party associated with the Lessee in the conduct of the Lessee's business or otherwise. This Lease does not make the Lessee the agent or legal representative of the City for any purpose whatsoever.

10. DEFINITION OF "DIRECTOR". The term "Director", as used throughout this Lease in regard to permission, warrant, consent, approval, rights, interpretation, and discretionary matters, shall mean the Director of the Executive Services Department or his/her designee except where the granting of approval, consent or permission or the taking of any other official action by any other City official is required by law, ordinance, resolution, rule, or regulation before the Lessee may rightfully commence, suspend, enlarge, or terminate any particular undertaking or may obtain any particular right or privilege under this Lease.

11. AMENDMENTS. The parties hereto especially reserve the right to renegotiate and change the provisions of this Lease, from time to time, as may be necessary. No alteration or modification of the terms or conditions of this Lease shall be valid and binding unless made in writing and signed by the authorized representatives of the parties hereto.

12. NO WAIVER OF DEFAULT. The City does not waive full compliance with the terms and conditions of this Lease by acceptance 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 operate as, a waiver of any subsequent default of any of the terms, covenants and conditions of this Lease to be performed, kept and observed by the other party.

13. SURRENDER OF PREMISES. At the expiration or termination of this Lease, the Lessee shall quit and surrender the Premises and all keys thereto, without notice and in as good condition as received at the commencement of the term, except for ordinary wear and tear, damage or destruction by fire or other casualty or circumstances uncontrollable by the Lessee, and alterations, improvements, and additions made with the approval of

the Director unless otherwise agreed as a condition of such approval. At the option of the Lessor, the Lessee will create a barrier between the garages, if the two have been joined, of a type and manner acceptable to the Lessor.

14. BINDING EFFECT. This Lease shall be binding upon the heirs, successors, and assigns of the parties hereto.

15. 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 were not a part hereof..

16. BOOKS AND RECORDS. The Lessee shall keep true, separate, accurate, complete and auditable records and receipts of all revenues from the Premises. All such records shall be retained in King County, Washington, for at least fifteen (15) months after the close of each calendar year during which this lease is in effect.

17. ACCESS TO RECORDKEEPING FOR AUDITS BY CITY. The Lessee shall permit the City, from time to time, as the Director deems necessary, to inspect and audit in King County, Washington, at any and all reasonable times, all pertinent books and records of the Lessee pertaining to revenues generated by the Premises, and shall supply the City with, or shall permit the City to make, a copy of any such books and records and any portion thereof, upon the request of the Director. The Director or his/her successor or designee shall notify the Lessee of the amount of any underpayment found. Any underpayment shall be immediately due and payable and shall be delinquent if not paid within ten (10) days after the date of such notice.

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

19. CAPTIONS. The titles of the articles, sections, and subsections of this Lease are for convenience only, and do not define or limit the contents.

20. DEFINITION OF "GROSS RECEIPTS". The term "gross receipts," as used throughout this lease in regard to revenue from the garage, shall mean the total collections received by the Convention Center as fees for parking in the Freeway Park Garage.

21. DEFINITION OF "NET OPERATING REVENUE". The term "Net Operating Revenue" as used throughout this lease means the Gross Receipts less the costs of operations, maintenance, and personnel attributed to the operation of the Garage and reasonable overhead of the WSCTC attributable to the operation of the Garage.

22. DEFINITION OF "NET OPERATING INCOME". The term "Net Operating Income" as used throughout this lease shall be the same as "Net Operating Revenue"

23. DEFINITION OF "EXPANSION PROJECT". The term "Expansion Project" as used in this Lease means the physical improvement to the Convention Center facilities as authorized by the State Legislature in ESSB 5943,, which shall include approximately 100,000 square feet of additional heavy-load exhibition space, additional lobby and pre-function areas, and additional loading bays and support areas..

EXHIBIT B**Debt Service Schedule for Freeway Park Garage**

Date	Payments Principal	Payments Interest	Total Payment Due	Bonds Due Numbers	Balance
8/1/1996	\$180,000.00	\$39,400.00	\$219,400.00	415-450	\$1,300,000.00
2/1/1997		\$34,360.00	\$34,360.00		\$1,300,000.00
8/1/1997	\$190,000.00	\$34,360.00	\$224,360.00	451-488	\$1,110,000.00
2/1/1998		\$29,040.00	\$29,040.00		\$1,110,000.00
8/1/1998	\$200,000.00	\$29,040.00	\$229,040.00	489-528	\$910,000.00
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Freeway Park Garage Net Income

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2014	538,809
2015	560,361
2016	582,776
2017	606,087
2018	630,330
2019	655,543
2020	681,765

EXHIBIT C

LEASE AGREEMENT
SPECIAL TERMS AND CONDITIONS

I. PARTIES: THIS LEASE AGREEMENT is entered into by and between THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Lessor (hereinafter referred to as the "City"), and the Washington State Convention and Trade Center, a Washington public non-profit corporation chartered pursuant to RCW _67.40.020 (hereinafter referred to as "Lessee").

II. PREMISES: Subject to the terms and conditions set forth herein, the City hereby leases to the Lessee and the Lessee hereby leases from the City that structure commonly known as Freeway Park Garage, 1300 Hubbell Place, Seattle Washington, so depicted upon the map attached hereto as Exhibit A, and located upon that property legally described as follows:

Denny's Broadway Add portion of lot 1 Block 105 lying southerly of line defined as follows:

Beginning at southeasterly corner of said lot 1 then North 30-35-30 West 0.65 feet to true point of beginning then South 59-17-45 West 112.23 feet then North 30-42-15 West 0.35 feet then South 59-17-45 West 1.92 feet then South 30-42-15 East .035 feet then South 59-17-45 West to westerly line of said Lot 1 and terminus described line

Provided, however, that this lease shall not apply to that portion of the structure used for park purposes as of December 31, 1995. (Such property shall be referred to in this Lease as the "Premises").

III. USE/PURPOSE: The Premises may be used only for the following use and purpose: General purpose parking garage.

IV. TERM: The term of this Lease begins January 1, 1997 and terminates on December 31, 2026 unless it is terminated earlier pursuant to the provisions hereof.

V. RENT: In consideration of this Lease and subject to Paragraph (IX.), infra, the Lessee shall pay to the City as Base Rent the following yearly sum: one dollar per year (\$1.00). Base Rent shall be paid in advance, on or before the tenth day of January each year. Lessee shall pay to the City as Additional Rent, in accordance with the terms and conditions set forth in Paragraph IX, the City Garage Debt.

VI. LEASEHOLD EXCISE TAX: In addition to the Base Rent, the Lessee shall pay to the City the applicable Leasehold Excise Tax which, as of the commencement date, is zero dollars (\$0), but is subject to change.

VII. INSURANCE: The Lessee, at no expense to the City, shall secure and maintain during the full term of this Lease, one or more policies of general comprehensive liability insurance that fully protect the City from any and all claims and risks in connection with the Lessee's occupation of, or activities upon, the Premises, under which policies the following aggregate amounts of coverage shall be provided:

Commercial General Liability, including Garage Liability. A policy of commercial general liability insurance, written on an occurrence form, including all the usual coverages known as:

- premises/operations liability
- products/completed operations
- medical payments
- contractual liability
- broadened coverage-garages (CA25 14)
- employers liability (Stop Gap)

Minimum limits of liability: Bodily Injury and Property Damage \$2,000,000 per occurrence/ \$4,000,000 annual aggregate/per location aggregate.

Commercial Automobile Liability. A policy of Commercial Automobile Liability, including coverage for owned, non-owned, leased or hired vehicles.

Minimum limits of liability: Bodily Injury and Property Damage \$2,000,000 per accident/occurrence.

Garagekeepers Legal Liability (GKLL). Coverage for autos of others in the insured's care, custody, control, or possession. Maximum deductible \$500 per occurrence, for the following minimum coverages:

Comprehensive	\$2,000,000
Collision	\$2,000,000

Crime - Blanket Employee Dishonesty. Coverage A, CR 00 02)

\$100,000 per loss
\$500 maximum deductible any one loss

Property Insurance - Commercial Property. All Risk, replacement cost at 100% of building value, including:

Earthquake and Flood
Tenants Improvements and Betterments
Business Income and Extra Expense Coverage including Rental Value

Self Insurance: Should Lessee be self-insured, a letter from the Corporate Risk Manager, or appropriate Finance Officer, is acceptable, stipulating if actuarially funded and fund limits, and including any excess declaration pages to meet the contract requirements. Further, this letter should advise how Lessee would protect and defend the City of Seattle as an Additional Insured in its Self-Insured layer, and describe claims handling procedures in the event of a claim.

The above policies shall include the following provisions:

"The City of Seattle is an additional insured for all coverages provided by this policy of insurance and shall be fully and completely protected by this policy and for any and every injury, death, damage, and loss of any sort sustained by any person, organization, or corporation in connection with any act or omission of the Lessee under a Lease between The City of Seattle and the Washington State Convention and Trade Center.

"The coverages provided by this policy to the City or any other named insured shall not be terminated, reduced or otherwise changed in any respect without providing at least thirty (30) days' prior written notice to The City of Seattle, Attention: Director of Administrative Services, 618 Second Avenue, Seattle, Washington 98104, or to such other address as may be specified in writing by the City."

VIII. OTHER SPECIAL CONDITIONS:

A. After payment of all rent, and subject to the provisions of subparagraph (7) hereof, the Lessee shall retain all Gross Receipts from the operation of the Garage for the term of the Lease.

B At its option, the Lessee may renew the Lease for a thirty year period provided all terms of this Lease are met and the expanded Convention Center is operational by December 31, 2002, and remains in operation at the end of the thirty year initial term. This option must be exercised in writing to the Director of the Department of Administrative Services or the director of any successor department, one hundred and eighty days before the expiration date of the lease.

C. The Lessee shall be entitled to set rates and hours of operation of the Garage.

D. The City hereby reserves a right of access to inspect and for purposes necessary or incidental to the operation of the park located above the Garage. At all times during the course of this lease, the City shall have the exclusive use, without charge, of four parking spaces. Lessee shall clearly mark such spaces as being for the exclusive use of Seattle Parks Department vehicles. The City shall also have exclusive use, without charge, of 300 square feet of storage area in the utility room on the park level.

E. The Lessee shall make payments to the City equal to the City's principal and interest payments on the debt service for the Garage, ("City Garage Debt"), with payments due forty-five days prior to the date when debt service must be paid by the City, as set forth in exhibit B attached hereto. The existing City Garage Debt shall be a first lien and charge on the Gross Receipts of the Garage.

F. If Lessee fails to secure a temporary or permanent certificate of occupancy from the City for the expansion of the Convention Center by December 31, 2002, then commencing January 1, 2003, the Base Rent to the City shall increase to 20% of the gross receipts from the operation of the Premises, plus payment of the City Garage Debt for so long as any Certificates of Participation or any other instrument used to finance the Convention Center expansion are outstanding. If the Lessee subsequently obtains a temporary or permanent certificate of occupancy for the expansion of the Convention Center, the Base Rent shall revert as of the date of the certificate of occupancy, to one dollar per year plus City Garage Debt. The City may, at its sole discretion and without recourse by the Convention Center, and provided the expansion is not operational, terminate the Lease at any time once all of the Lessee's lease obligations in which Certificates of Participation have been issued or payment obligations under other instruments used to finance the expansion have been satisfied.

G. Not later than January 31, 1998, the City shall establish a reserve account which may, at the City's option, be in the City Treasury, to be used for structural repair purposes. Such account may be drawn upon by the Lessee or the City, with the concurrence of both parties signified by the signature of a representative of the Lessor and Lessee, for the structural repair obligations of either the City or the Lessee to the Premises. (For the purpose of this lease, structural members are defined as the framing members designed to support gravity loads and resist lateral forces. These members consist of beams, columns and horizontal elements functioning as diaphragms. Structural repair is repair to a beam, column, or horizontal element functioning as a diaphragm, related to its ability to perform in a role of supporting gravity loads or resisting lateral forces.) Any funds remaining in the reserve account at the termination of this Lease and any extensions thereto shall become the sole property of the City. The Lessee shall, within the time limits stated below:

- 1) deposit into the account \$500,000 from the sale of instruments for financing the expansion project within ninety (90) days of the sale of such instruments or, at the election of the Lessee,
- 2) deposit into the account 10% of the annual Net Operating Income above the projections in Exhibit C, up to \$20,000 per year, until the account balance including interest on invested account funds reaches \$500,000. The Director of Administrative Services, with the advice of the Director of the Department of Finance, must approve any investment account into which these funds are deposited. The first annual deposit shall be made within sixty (60)

days of the end of the initial calendar year, and each subsequent payment must be made by March 1 for the previous calendar year.

The Convention Center shall promptly deposit into the account such sums as may be necessary to restore the balance therein to \$500,000 in accordance with 1), above, or until the balance of \$500,000 is reached in accordance with 2), above, after any withdrawal from the account is made.

H. This Lease may be terminated by the City with notice as set forth below, and without recourse by the Lessee if any of the following occurs:

(i) The Washington State Convention and Trade Center or the Expansion Project, ceases to be used primarily for public convention purposes; (ii) title to any portion of the Washington State Convention and Trade Center, including the Expansion Project, is conveyed other than for purposes of providing security for the financing of the Expansion Project; or (iii) the Washington State Convention and Trade Center fails to comply with a material provision of this Lease.

In the event the City intends to terminate this Lease, the City shall provide a written notice to cure, identifying the nature of the alleged basis for termination with reasonable specificity, and advising the Lessee of the City's intent to terminate the Lease. If, at any time when the City intends to terminate this lease, there remain outstanding obligations to re-pay Certificates of Participation or any other payments to be made pursuant to the financing contract used to finance the Expansion Project, and the City has been notified of the identity of a trustee (including any successor trustee) for the benefit of holders of such certificates or other instruments, then, in addition to the Lessee, such trustee shall be entitled to receive notice to cure, and the opportunity to cure or to offer refutation or excuse of the alleged failure, as specified above. All further actions shall conform to the following procedures:

The Convention Center shall, within ten (10) days after receipt of such notice if the breach is a failure to pay City Garage Debt or to maintain required insurance, otherwise, within thirty (30) days after receipt of such notice or such longer period of time as the City may specify in such notice, either cure such alleged failure or, in a written response to the City, present facts and arguments in refutation or excuse of such alleged failure or state that such alleged failure will be cured and set forth the method and time schedule for accomplishing such cure.

The City shall determine (i) whether a failure to comply with a material provision has occurred; (ii) whether such failure is excusable; (iii) whether such failure has been cured or will be cured by the Lessee; and (iv) whether any proposed cure is reasonable. The Lessee shall make available to the City, if requested, any records, documents or other information necessary to make the determination.

If the City determines that a failure to comply with a material provision has occurred and that such failure is not excusable and has not been or will not be cured by the Convention Center in a manner and in accordance with a schedule reasonably satisfactory to the City, the Mayor shall provide notice and findings to the Convention Center.

No termination of the lease pursuant to this section shall be effective sooner than fourteen days after the findings are provided to the Convention Center. In the event that the City determines that such failure has not occurred, or that such failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the City, or that such failure is excusable, such determination shall conclude the investigation.

I. The Lessee shall offer positions of employment, under the personnel rules of the Convention Center, within the Garage, to the permanent City staff who are currently employed in the Garage, up to the total hours of additional staffing that the Convention Center requires to operate the expanded garage.

IX.AGREEMENT CONTENTS: This Lease consists of these Special Terms and Conditions as well as the General Terms and Conditions hereto attached. It embodies the entire agreement of the parties hereto and supersedes all other understandings or agreements, written or oral, between the parties relating to the subject matter of this Lease.

X.EFFECTUATION OF AGREEMENT: In order to be effective, this Lease must be (1) signed by an authorized representative of the Lessee and returned to the Director at the address set forth below, accompanied by any required policy of insurance, and (2) signed by the Director pursuant to Ordinance authority.

rev7/26/96

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

CITY OF SEATTLE

WASHINGTON STATE CONVENTION AND
TRADE CENTER

By _____
Director of Administrative Services

By _____
(Signature)

(Print or Type Name)

Authorizing Ordinance _____

(Print or Type Title)

City's address for all communications:

Department of Administrative Services
Property Management Section
618 Second Avenue, 14th Floor
Seattle, Washington 98104

Lessee's address for all communications:

ref: FacSvcs Lease No. 11 (FREE)

July 26, 1996

LEASE AGREEMENT GENERAL TERMS AND CONDITIONS

1. **POSSESSION.** In the event of the inability of the City to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, neither the City nor any of its officers, employees or agents shall be liable for any damage caused thereby, nor shall this Lease thereby become void or voidable nor shall the term herein specified be in any way extended, but in such event, the Lessee shall not be liable for any rent until such time as the City can deliver possession.

2. **UTILITIES AND SERVICES.** Unless otherwise provided in the Special Terms and Conditions of this Lease, the Lessee shall provide, or shall otherwise pay, before delinquency, all costs for providing all utilities and other services on or to the Premises including, where applicable, but not limited to elevator service, electricity, gas, water, telephone, sewer, garbage, solid waste, heating, janitorial, security, and grounds maintenance, and shall also pay all charges for utility installations and modifications thereto occasioned by the Lessee's requirements. The City shall not be liable for any injury, loss or damage caused by or resulting from any interruption or failure of such services to any cause whatsoever except the City's negligence. The Lessee shall not be entitled to an offset, reduction or return of rental as the result of any interruption or failure of said services.

3. LIABILITY.

(a) **Indemnification:** Notwithstanding any provision of this Lease to the contrary, Lessee shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, judgments, losses and expenses (including reasonable attorney's fees and costs) suffered by any person or entity by reason of or resulting from any act or omission of Lessee or any of its employees or agents in connection with Lessee's use or occupancy of the Premises during the term of this Lease.

(b) **Flammable/Hazardous Substances:** The Lessee understands and agrees that flammable or Hazardous Substances, including explosives, petroleum products, paint, solvents, and resins, are not allowed on the Premises without the express written permission of the City. In the event written permission to store the preceding materials is granted by the City, disposal of such materials shall be in a legal manner by the Lessee.

Prior to initiating any process requiring the use or storage of, or generating, on or adjacent to the leased premises, Hazardous Substances, the Lessee covenants and agrees to obtain the City's prior approval. The City may consider approving the specific use, but only after the Lessee demonstrates to the satisfaction of the City that Lessee has all necessary permits for operation and a Hazardous Substances emergency response plan.

Lessee agrees to cooperate in any environmental audits conducted by the City's staff or independent third parties. Lessee agrees to reimburse the City for the cost of such audits. Lessee agrees to provide the City with notice of every governmental inspection of the leased premises, notice of violation, and order to clean up contamination, within five (5) days after receipt thereof by the Lessee. Lessee agrees to permit the City to participate in all settlement or abatement discussions. In the event Lessee fails to take remedial measures as stated in any final administrative or judicial order or decrees signed by a state, federal, or local regulatory agency within 90 days of such order or decree, the City may elect to perform such work, and Lessee covenants and agrees to reimburse the City for all direct and indirect costs associated by the City's work.

Lessee hereby agrees to release, defend and indemnify the City and hold the City harmless for any suits, claims, damages, strict liabilities, and costs or liabilities associated with the removal or remediation of any Hazardous Substance (including petroleum and gasoline products) that are released onto or from the Premises, or otherwise come to be located on the Premises during the term of the Lease, including but not limited to those that may have migrated to or from the Premises. "Cost" shall include, but not be limited to, all response or remediation costs,

disposal fees, investigation costs, monitoring costs, civil or criminal penalties, attorney fees, and other litigation costs incurred in connection with such removal or remediation.

Lessee's duties under this paragraph shall not apply to the extent the suit, claim, damages or costs result solely from hazardous substances released prior to the beginning of the lease term. To the extent the suit, claim, damages or costs arise from hazardous substances released in part prior to the lease term and in part after the beginning of the lease term, then (1) Lessee's duty to defend shall apply, and (2) Lessee shall indemnify the City for Lessee's proportionate share. Lessee's "proportionate share," for purposes of the preceding sentence, shall be the percentage of damages or costs that are attributable to releases of hazardous substances after the commencement of the Lease.

Lessee further agrees to retain any and all liabilities arising from the off-site disposal, handling, treatment, storage, or transportation of any Hazardous Substances, including petroleum products, removed from the Premises. Lessee's obligations and liabilities under this section shall survive the expiration of this Lease.

The term "Hazardous Substance," as used herein, means any hazardous, toxic, or dangerous waste, substance or material, including petroleum products, or any containment, pollutant or chemical defined or identified in any environmental regulation as posing a potential risk to human health or the environment.

(c) Assumption of Risk: The placement and storage of personal property on the Premises shall be the responsibility, and at the sole risk, of the Lessee.

(d) Insurance: Evidence, to the reasonable satisfaction of the Director of Administrative Services, of the Lessee's maintenance of insurance as required by this Lease shall be submitted to the Director prior to the initial occupancy of any portion of the Premises, and thereafter, within a reasonable time after the Lessee's receipt of a request for such evidence, which time, in no event, shall exceed four (4) City business days. The "ACORD" form of Certificate of Insurance shall not be submitted as such evidence, and shall not be deemed to be satisfactory evidence unless the following changes are made on such form:

The wording of the top of the form:

"This certificate is issued as a matter of information only and confers no rights upon the certificate holder."

shall be deleted in its entirety.

The wording at the bottom of form:

"Should any of the above described policies be canceled before the expiration date thereof, the issuing company will endeavor to mail thirty (30) days written notice to the below named certificate holder, but failure to mail such notice shall impose no obligation of any kind upon the company."

shall be changed to read -

"Should any of the above described policies be canceled, reduced as to coverage, or otherwise changed before the expiration date thereof, the issuing company shall provide written notice of such action to the below named certificate holder/City of Seattle, Property Management Division, 618 Second Avenue, 14th Floor, Seattle, WA 98104, at least thirty (30) days prior to the effective date of such change or cancellation."

Notwithstanding any provision herein to the contrary, the failure of the Lessee to comply with the requirements of this Lease regarding insurance shall subject this Lease to immediate termination consistent with the notice provisions of the special conditions of this Lease.

4. COMPLIANCE WITH LAW.

(a) Applicable Law: This Lease shall be construed under and governed by all applicable laws of the United States of America and the State of Washington and the Charter and ordinances of The City of Seattle, as well as all rules and regulations of any such governmental entity.

(b) Licenses, Permits and Taxes: The Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the Premises, and all taxes on personal property of the Lessee on the Premises and any excise or other taxes on the leasehold interest created by this Lease; and in the event the State of Washington makes any demand upon the City for payment of leasehold excise taxes resulting from the Lessee's occupation of the Premises or withholds funds due to the City to enforce collection of leasehold excise taxes, the Lessee, at its sole expense, shall contest such action and indemnify the City for all sums expended by, or withheld by the State from, the City in connection with such taxation.

(c) Equal Employment Opportunity and Nondiscrimination: The Lessee shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and The City of Seattle, including the Seattle Municipal Code (SMC), notably SMC Ch. 20.44, and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

(d) Women's & Minority Business Enterprise Utilization. Although there are no requirements in this Lease Agreement that Lessee specifically set-aside a percentage of work for Women-owned or Minority-owned Business Enterprises, the following language is required to be inserted in every City contract by Seattle Municipal Code 20.46 A, and therefore it is included in this agreement:

This lease hereby incorporates by reference Seattle Municipal Code (SMC) Ch. 20.46A. The failure of the Lessee to comply with any of the requirements of SMC Ch. 20.46A shall be a material breach of contract. The purpose of Seattle's WMBE Program is to provide a prompt remedy for the effects of past discrimination. The City in general, and this Program in particular, are damaged when a contract, or portion of a contract, to be performed by a WBE or MBE is not actually performed by a WBE or MBE in compliance with SMC Ch. 20.46A. Because the actual amount of such damage is not reasonably calculable, the parties agree and stipulate that liquidated damages equal to the unmet dollar amount of any WBE or MBE set-aside will fairly compensate the City for resulting delays in carrying out the purpose of the program, the costs of meeting utilization targets through additional contracts, the administrative costs of investigation and enforcement, and other damages and costs caused by the violation. The Lessee, as an instrumentality of the State, is subject to State requirements for WMBE and as such, in the absence of set-aside requirements in this lease, is presumed to comply with these requirements by complying with the state requirements.

During the term of this lease, the Lessee shall:

- (i) Meet the WBE and MBE set-asides established for the lease, if any;
- (ii) Make affirmative efforts to utilize WMBEs in performing the terms of the lease, whether as subcontractors, suppliers, or in any other capacity;
- (iii) Require that all subcontractors make affirmative efforts to utilize WMBEs in performance of the lease;
- (iv) Maintain records reasonably necessary for monitoring compliance with the provisions of this chapter, and submit such information as may be requested by the Director of the Department of Administrative Services in order to monitor and enforce compliance; and

(v) Require that subcontractors maintain records reasonably necessary for monitoring the subcontractors' compliance with the provisions of this chapter, and that the subcontractors submit such information as may be requested by the Director of the Department of Administrative Services in order to monitor and enforce compliance.

(e) Permits: The Lessee, at no expense to the City, shall obtain any and all building permits, change of use permits, and/or certificates occupancy from the City as may be required and shall deliver a copy of the same to the Director..

(f) Hazardous Substance: The Lessee shall not store hazardous substance in the Premises and shall notify the Lessor immediately of any release of hazardous material.

5. SUBLEASES OR ASSIGNMENTS; LIMITATIONS ON USE AND PURPOSE. Except as provided in the Special Terms and Conditions, the Lessee shall not enter into any sublease of the Premises or any portion thereof or any assignment of any interest in this Lease, whether long- or short-term in nature, or engage in any activity with respect to or on the Premises other than for the express uses and purposes stipulated herein without written permission from the Director. Except that nothing in this lease shall be construed to prevent the lessee from assigning the leasehold interest in the garage to a trustee (including any successor trustee) for the benefit of holders of Certificates of Participation in payments to be made pursuant to the financing contract used to finance the expansion or by such trustee to effectuate its remedies in the event of a default in or non-appropriation of payments pursuant to the financing contract used to finance the expansion.

6. USE AND CARE OF THE PREMISES.

(a) General Condition: The Lessee shall keep the Premises at all times and at no expense to the City, in a neat, clean, safe and sanitary condition and shall keep and use the Premises in accordance with the laws of the State of Washington and Charter and ordinances of The City of Seattle, and in accordance with all authorized rules and regulations of the Health Officer, Fire Marshall, Building Inspector and other officers of The City of Seattle. The Lessee shall not permit any waste, damage, or injury to the Premises; use or permit on the Premises anything that will increase the risk of fire thereon; maintain anything on the Premises that may be dangerous to life or limb; overload the floors, permit any objectionable noise or odor to escape or to be emitted from the Premises; permit anything to be done upon the Premises that in any way will tend to create a nuisance or, in the event of multiple occupancy, to disturb any other tenants or use of the building in which the Premises form a part; or to use or permit the use of the Premises for lodging or sleeping purposes.

(b) Maintenance - Repairs: The Premises have been inspected by both parties and are accepted by Lessee 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. The City will be responsible for maintenance and repair of all structural members of the Premises providing subjacent and lateral support for properties adjoining the Premises. The Lessee will be responsible for all other maintenance and repair of the Premises and for cleaning, including the foundation, columns, girders, beams, supports, slabs, walls, floors, stairs, elevator, and driveways. The Freeway Park, including the restroom, will be maintained by the City.

(c) Alterations: With the prior written approval of the Director, the Lessee, at its sole cost, shall have the right to make modifications to the Premises, including but not limited to one or more interior vehicular and/or pedestrian connections to the Convention Center parking garage, and shall be allowed to integrate the Garage operation with the Convention Center parking garage and operate the two garages as a single facility. All alterations, additions and improvements that are made, shall be at the sole cost and expense of Lessee, and shall become the property of the City, and shall remain in and be surrendered with the Premises as part thereof at the termination of this Lease, without disturbance, molestation or injury. The City reserves an unqualified right to make alterations to the Premises or to the building in which the Premises are situated (1) where conditions deemed by the Director to constitute an emergency, exist; or (2) in order to correct code-deficiencies; provided, such alterations do not unreasonably interfere with the ordinary operation of the Premises by the Lessee.

(d) Access: The City reserves for itself, its officers, employees, agents and contractors, free access to the Premises at all reasonable times for the purposes of inspecting, or making repairs, additions or alterations to the Premises or any other property owned by or under the control of the City, but this right shall not be construed as an agreement on the part of the City to make inspections, or make repairs, additions or alterations. The Lessee shall have reasonable access to other property of the City where necessary to provide utility services to the Premises; all of the Lessee's work on such other City property shall be at no expense to the City.

(e) Signs: The Lessee shall not display, inscribe, paint or affix to any part of the Premises any sign except a sign that has been approved, in writing, by the Director, prior to such placement.

7. DAMAGE OR DESTRUCTION. In the event that the Premises (a) are damaged by fire, earthquake, act of war, or other extraordinary casualty to such an extent as to render them untenable in whole or in substantial part; or (b) are destroyed, the City shall not be obligated to rebuild the premises or to compensate the Lessee for any loss of income under this lease. The Lessee will not be liable for any loss, damage, or destruction of the premises, except loss, damage, or destruction caused directly by the waste, or willful negligent action of the Lessee, or failure of the Lessee to perform its obligations under this lease. The City shall not be obligated to restore the functionality of the Premises in the event of loss, damage, or destruction.

8. NOTICES. Any notice to be given by either party to the other 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 provided in the Special Terms and Conditions hereof, or to such other respective addresses as either party may, from time to time, designate in writing.

9. 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 Lessee or any party associated with the Lessee in the conduct of the Lessee's business or otherwise. This Lease does not make the Lessee the agent or legal representative of the City for any purpose whatsoever.

10. DEFINITION OF "DIRECTOR". The term "Director", as used throughout this Lease in regard to permission, warrant, consent, approval, rights, interpretation, and discretionary matters, shall mean the Director of Administrative Services or his/her designee except where the granting of approval, consent or permission or the taking of any other official action by any other City official is required by law, ordinance, resolution, rule, or regulation before the Lessee may rightfully commence, suspend, enlarge, or terminate any particular undertaking or may obtain any particular right or privilege under this Lease.

11. AMENDMENTS. The parties hereto especially reserve the right to renegotiate and change the provisions of this Lease, from time to time, as may be necessary. No alteration or modification of the terms or conditions of this Lease shall be valid and binding unless made in writing and signed by the authorized representatives of the parties hereto.

12. NO WAIVER OF DEFAULT. The City does not waive full compliance with the terms and conditions of this Lease by acceptance 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 operate as, a waiver of any subsequent default of any of the terms, covenants and conditions of this Lease to be performed, kept and observed by the other party.

13. SURRENDER OF PREMISES. At the expiration or termination of this Lease, the Lessee shall quit and surrender the Premises and all keys thereto, without notice and in as good condition as received at the commencement of the term, except for ordinary wear and tear, damage or destruction by fire or other casualty or circumstances uncontrollable by the Lessee, and alterations, improvements, and additions made with the approval

of the Director unless otherwise agreed as a condition of such approval. At the option of the Lessor, the Lessee will create a barrier between the garages, if the two have been joined, of a type and manner acceptable to the Lessor.

14. **BINDING EFFECT**. This Lease shall be binding upon the heirs, successors, and assigns of the parties hereto.

15. **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 were not a part hereof..

16. **BOOKS AND RECORDS**. The Lessee shall keep true, separate, accurate, complete and auditable records and receipts of all revenues from the Premises. All such records shall be retained in King County, Washington, for at least fifteen (15) months after the close of each calendar year during which this lease is in effect.

17. **ACCESS TO RECORDKEEPING FOR AUDITS BY CITY**. The Lessee shall permit the City, from time to time, as the Director deems necessary, to inspect and audit in King County, Washington, at any and all reasonable times, all pertinent books and records of the Lessee pertaining to revenues generated by the Premises, and shall supply the City with, or shall permit the City to make, a copy of any such books and records and any portion thereof, upon the request of the Director. The Director or his/her successor or designee shall notify the Lessee of the amount of any underpayment found. Any underpayment shall be immediately due and payable and shall be delinquent if not paid within ten (10) days after the date of such notice.

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

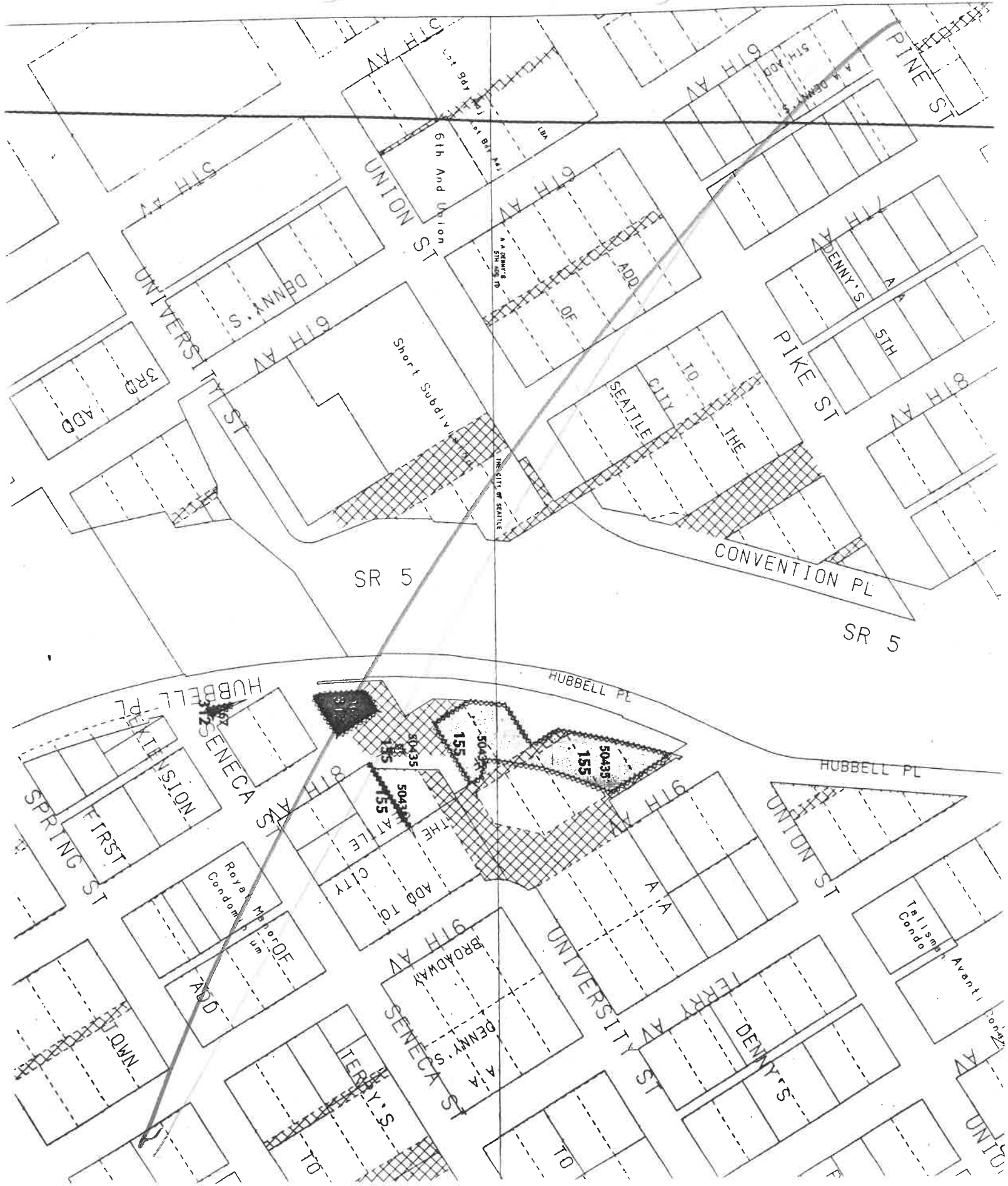
19. **CAPTIONS**. The titles of the articles, sections, and subsections of this Lease are for convenience only, and do not define or limit the contents.

20. **DEFINITION OF "GROSS RECEIPTS"**. The term "gross receipts," as used throughout this lease in regard to revenue from the garage, shall mean the total collections received by the Convention Center as fees for parking in the Freeway Park Garage.

21. **DEFINITION OF "NET OPERATING REVENUE"**. The term "Net Operating Revenue" as used throughout this lease means the Gross Receipts less the costs of operations, maintenance, and personnel attributed to the operation of the Garage and reasonable overhead of the WSCTC attributable to the operation of the Garage.

22. **DEFINITION OF "NET OPERATING INCOME"**. The term "Net Operating Income" as used throughout this lease shall be the same as "Net Operating Revenue"

23. **DEFINITION OF "EXPANSION PROJECT"**. The term "Expansion Project" as used in this Lease means the physical improvement to the Convention Center facilities as authorized by the State Legislature in (bill #), which shall include approximately 100,000 square feet of additional heavy-load exhibition space, additional lobby and pre-function areas, and additional loading bays and support areas..



9.6 Entire Agreement

This Agreement contains the entire Agreement of the parties hereto with respect to the subject matter hereof, and supersedes all previous agreements, written or oral, between the parties hereto with respect to the subject matter hereof.

9.7 Severability.

The invalidity of any clause, part or provision of this Agreement shall not affect the validity of all remaining portions thereof that are severable from the invalid clause, part or provision.

9.8 Arbitration.

All disputes relating to the interpretation, application, violation or enforcement of this Agreement shall be arbitrated by a panel of three arbitrators; except that the irrevocable commitments specified in Section 6 above, provisions of the Lease executed under Section 7, amendments pursuant to Paragraph 9.1 and termination for material breach pursuant to Paragraph 9.9 shall not be subject to arbitration.

Either party may initiate arbitration by sending written notice to the other.

In the event an arbitration is initiated by either party, each party has fifteen (15) days from the date of receipt of written notice, to provide to the other party in writing, a list of six persons qualified to serve as arbitrators with no affiliation or relationship with either party that would tend to affect the person's ability to act as a neutral arbitrator, and acceptable to that party.

The City and Convention Center shall mutually select three arbitrators from the lists within five (5) days after the exchange of proposed arbitrators information. If the City and Convention Center are unable to agree upon these arbitrators within the time specified herein, then the arbitrators shall be appointed by the Presiding Judge of the King County Superior Court.

After the arbitrators have been selected, they shall take an oath to serve as neutral and impartial parties. The arbitrators shall then schedule such discovery or other exchange of documents and information as is appropriate to the issue and a date, time and place for hearing the presentations of the City and the Convention Center. The hearing shall occur not less than one hundred (100) days after the appointment of the arbitrators except for good cause shown. The arbitrators shall make a written report to the City and the Convention Center on their final determination within thirty (30) days after completion of the hearing. The determination of the arbitrators shall constitute a final arbitration determination.

4.7 Replacement Housing Sites.

Replacement Housing should, if feasible, be located within a two-thirds mile radius of the Convention Center. Preference shall be given, if feasible, to potential sites within a 1/4 mile radius of the Convention Center and sites which are consistent with the City's Low-Income Housing dispersion ratios. Other sites within Downtown Zones as defined in SMC ch. 23.49 or within the boundaries of the Capitol Hill or First Hill urban villages, as defined in the City's Comprehensive Plan or the South Lake Union Planning Area, also may be selected by the Convention Center for Replacement Housing.

4.8 Tenant Relocation Assistance.

- a. The parties recognize that the WSCTC will be obligated to make relocation assistance payments to persons displaced for the Expansion Project pursuant to the the State Relocation Assistance -- Real Property Acquisition Act, RCW ch. 8.26, and that the City's Tenant Relocation Assistance Ordinance, SMC ch. 22.210, does not apply to displacements where tenants are entitled to payments under State law. In any event, the WSCTC agrees to make a minimum relocation assistance payment of \$2142 for each unit, occupied in an Apartment on the date when the Convention Center delivers an initial written offer to purchase the Apartment for the Expansion Project. The City and the Convention Center recognize that the amount of this relocation payment exceeds the amount of relocation payments provided for in the City relocation ordinance, SMC chapter 22.210, and that under the City ordinance not all displaced tenants are entitled to relocation payments. Except as provided in Paragraph 4.3d, such payments by the Convention Center are intended to offset any obligation the Convention Center might have under any other law.
- b. The Convention Center will provide technical assistance for relocation to tenants who are either ineligible for or choose not to accept the Replacement Housing.

4.9 Use of Apartments after Acquisition by Convention Center.

- a. Following acquisition of an Apartment by the Convention Center, the Convention Center shall make every reasonable effort to ensure that housing units in the Apartments are occupied by tenants until a notice to vacate prior to demolition is issued. Rents for Low-Income Tenants shall not be increased after the Convention Center acquires any Apartment, except that after owning an Apartment for at least one year, the Convention Center may increase the rent of the Apartment in a percentage not to exceed the percentage increase in Median Income for the Seattle-Everett Standard Metropolitan Statistical Area since the Convention Center acquired the Apartment. .

- (b) If the Convention Center meets the conditions of Paragraph 5.2(a) above, and if the Convention Center certifies to the City that the Convention Center has awarded one or more contracts for the replacement of all Occupied Low-income Units pursuant to Paragraph 4.6, above, then at the Convention Center's request, the City, within 90 days of the request, shall pay \$2,250,000 to the Convention Center. Each such contract shall specify the total subsidy and the number of units for which the Housing Provider is responsible, and shall require that the Replacement Housing be subject to a recorded covenant enforceable by the Convention Center and the tenants against the owner of the housing project and its successors that limits rents and occupancy for at least 30 years consistent with this the provisions of Section 4 of this Agreement. The City shall pay the remainder of its \$7,500,000 commitment to the Convention Center within 90 days of receipt of a copy of a notice to proceed given to the General Contractor for the construction of the Expansion Project.
- (c) If the conditions for payment of all funds to the Convention Center are not satisfied by December 31, 2002, then the Convention Center shall have no further right to receive such funds.

6. IRREVOCABLE COMMITMENTS AND OFFERS

The commitment of the City to make payments pursuant to Paragraphs 5.1 and 5.2(b), above and the commitments to fix and impose the Hotel Sales Tax, as provided in Section 3, above, and to grant the Convention Center a 30-year lease to manage and operate the Freeway Park Garage, as provided in Section 7 below, shall constitute irrevocable offers and commitments of the City beginning on the date when an ordinance authorizing the City to execute this agreement becomes effective. The offers and commitments of the City specified in the previous sentence shall not be conditioned on the selection by the Board of Directors of the Convention Center of a particular expansion site, and said offers and commitments shall remain open for acceptance by the Board of Directors of the Convention Center for an eighteen-month period following the execution of this agreement by the City of Seattle. Such offers and commitments shall be deemed to be accepted on the date when the Board of Directors of the Convention Center delivers to the Mayor of the City a resolution confirming that the Convention Center has completed all of the following actions: approved this Agreement; selected an Expansion Option; and accepted irrevocable commitments of funding from third parties to contribute at least \$7,500,000 to the Expansion Project; and determined that the selected Expansion Option is financially feasible based on estimated project costs and available funding sources; and provided an unqualified commitment by the Convention Center that the financial commitments in this MOA shall be the entire financial commitment that will be requested of the City for the Expansion Project. The acceptance of the City's offers and commitments is not valid unless the Convention Center's acceptance includes the contractual commitment to commence and complete the Expansion Project.

- (b) If the Convention Center meets the conditions of Paragraph 5.2(a) above, and if the Convention Center certifies to the City that the Convention Center has awarded one or more contracts for the replacement of all Occupied Low-income Units pursuant to Paragraph 4.6,[HRT52][ML53] above, then at the Convention Center's request, the City, within 90 days of the request, shall pay \$2,250,000 to the Convention Center. Each such contract shall specify the total subsidy and the number of units for which the Housing Provider is responsible, and shall require that the Replacement Housing be subject to a recorded covenant enforceable by the Convention Center and the tenants against the owner of the housing project and its successors that limits rents and occupancy for at least 30 years consistent with this the provisions of Section 4 of this Agreement[d54][ML55]. The City shall pay the remainder of its \$7,500,000 commitment to the Convention Center within 90 days of receipt of a copy of a notice to proceed given to the General Contractor for the construction of the Expansion Project.
- (c) If the conditions for payment of all funds to the Convention Center are not satisfied by December 31, 2002, then the Convention Center shall have no further right to receive such funds.

6. IRREVOCABLE COMMITMENTS AND OFFERS

The commitment of the City to make payments pursuant to Paragraphs 5.1 and 5.2(b), above and the commitments to fix and impose the Hotel Sales Tax, as provided in Section 3, above, and to grant the Convention Center a 30-year lease to manage and operate the Freeway Park Garage, as provided in Section 7 below, shall constitute irrevocable offers and commitments of the City beginning on the date when an ordinance authorizing the City to execute this agreement becomes effective. The offers and commitments of the City specified in the previous sentence shall not be conditioned on the selection by the Board of Directors of the Convention Center of a particular expansion site, and said offers and commitments shall remain open for acceptance by the Board of Directors of the Convention Center for an eighteen-month period following the execution of this agreement by the City of Seattle. Such offers and commitments shall be deemed to be accepted on the date when the Board of Directors of the Convention Center delivers to the Mayor of the City a resolution confirming that the Convention Center has completed all of the following actions: approved this Agreement; selected an Expansion Option; and accepted irrevocable commitments of funding from third parties to contribute at least \$7,500,000 to the Expansion Project; and determined that the selected Expansion Option is financially feasible based on estimated project costs and available funding sources; and provided an unqualified commitment by the Convention Center that the financial commitments in this MOA shall be the entire financial commitment that will be requested of the City for the Expansion Project.

ROUTING SLIP FOR REQUEST FOR LEGISLATIVE ACTION

Originating Department: Administrative Services

Council Sponsor:

Date: July 2, 1996

Subject: AN ORDINANCE relating to the Washington State Convention and Trade Center ("WSCTC"); authorizing the Mayor to enter into a Memorandum of Agreement with the WSCTC to contribute to the expansion of the Washington State Convention and Trade Center; establishing irrevocable commitments of the City to the expansion project; imposing a tax and directing its deposit and uses; expressing the Council's judgment that certain amendments to the WSCTC's PUDA and the related contract rezone would be within the spirit and general purpose of, and would not represent a major departure from, the terms of the existing PUDA and contract rezone; accepting certain commitments of the WSCTC for housing replacement and tenant relocation assistance for the expansion project; and authorizing the commitment of City funds to the Washington State Convention and Trade Center at a future time as delineated in the Memorandum of Agreement.

Date
Received

Date
Forwarded

OMP:

Law:

Legislation should be rerouted in the order listed.

City of Seattle

Executive Department—Office of Management and Planning

Thomas M. Tierney, Director
Norman B. Rice, Mayor

July 08, 1996

The Honorable Mark Sidran
City Attorney
City of Seattle

Dear Mr. Sidran:

The Mayor is proposing to the City Council that the enclosed legislation be adopted.

REQUESTING
DEPARTMENT:

Administrative Services

SUBJECT:

AN ORDINANCE relating to the Washington State Convention and Trade Center ("WSCTC"); authorizing the Mayor to enter into a Memorandum of Agreement with the WSCTC to contribute to the expansion of the Washington State Convention and Trade Center; establishing irrevocable commitments of the City to the expansion project; imposing a tax and directing its deposit and uses; expressing the Council's judgment that certain amendments to the WSCTC's PUDA and the related contract rezone would be within the spirit and general purpose of, and would not represent a major departure from, the terms of the existing PUDA and contract rezone; accepting certain commitments of the WSCTC for housing replacement and tenant relocation assistance for the expansion project; and authorizing the commitment of City funds to the Washington State Convention and Trade Center at a future time as delineated in the Memorandum of Agreement.

Pursuant to the City Council's S.O.P. 100-014, the Executive Department is forwarding this request for legislation to your office for review and drafting.

After reviewing this request and any necessary redrafting of the enclosed legislation, return the legislation to OMP. Any specific questions regarding the legislation can be directed to Monica Power at 684-8076.

Sincerely,



Norman B. Rice
Mayor

by

TOM TIERNEY
Director

h:\admin\legis\law\lrs\power14

Accommodations for people with disabilities provided on request. An equal employment opportunity - affirmative action employer.

Office of Management and Planning 300 Municipal Building, Seattle, Washington 98104-1826

(206) 684-8080 • (TDD) 684-8118 • FAX (206) 233-0085

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CITY ATTORNEY

OK
7/9/96

96-208

TIME _____ D DATE STAMP

SPONSORSHIP

THE ATTACHED DOCUMENT IS SPONSORED FOR FILING WITH THE CITY COUNCIL BY
THE MEMBER(S) OF THE CITY COUNCIL WHOSE SIGNATURE(S) ARE SHOWN BELOW:

San Diego

_____	_____
_____	_____
_____	_____
_____	_____

FOR CITY COUNCIL PRESIDENT USE ONLY

COMMITTEE(S) REFERRED TO: _____

PRESIDENT'S SIGNATURE

STATE OF WASHINGTON - KING COUNTY

71386

—SS.

City of Seattle, City Clerk

No. ORDANANCE TI

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on August 5, 1996, and published here by title only, will be mailed, at no cost, upon request for two months after this publication. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 118225

AN ORDINANCE relating to the Washington State Convention and Trade Center ("WSCCTC"); authorizing the Mayor to enter into a Memorandum of Agreement with the WSCCTC to contribute to the expansion of the Washington State Convention and Trade Center; establishing irrevocable commitments to the City to the expansion project; imposing a tax and directing its deposit and uses; expressing the Council's judgment that certain amendments to the WSCCTC's PUDA and the related contract rezone would be within the spirit and general purpose of, and would not represent a major departure from, the terms of the existing PUDA and contract rezone; accepting certain commitments of the WSCCTC for housing replacement and tenant relocation assistance for the expansion project; and authorizing the commitment of City funds to the Washington State Convention and Trade Center at a future time as delineated in the Memorandum of Agreement.

ORDINANCE NO. 118226

AN ORDINANCE relating to the City Light Department; authorizing the Superintendent of City Light to negotiate for and purchase parcels of land to be set aside as wildlife preserves in accordance with the federal license for the Skagit River Hydroelectric Project.

ORDINANCE NO. 118227

AN ORDINANCE relating to the Water Department; authorizing the Department to request and evaluate proposals for design/build/operate services required for the implementation of the new Tolt River Water Treatment Facilities.

ORDINANCE NO. 118228

AN ORDINANCE relating to the Department of Administrative Services; authorizing the Director to enter into Contract Number MD975086 with the State of Washington, Military Department, for Urban Search and Rescue Equipment Grant Project funds; increasing expenditure allowances in the 1996 Budget of the Department of Administrative Services; and making a contingent, reimbursable appropriation from the Administrative Services fund, all by a three-fourths vote of the City Council.

Publication ordered by JUDITH PIP-PIN, City Clerk.

Date of official publication in the Daily Journal of Commerce, Seattle, August 19, 1996. 8/19(71386)

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CTOT:118225-118228

was published on

08/19/96

The amount of the fee charged for the foregoing publication is the sum of \$, which amount has been paid in full.

Subscribed and sworn to before me on

08/19/96

Notary Public for the State of Washington,
residing in Seattle

Ord. #
118225

Washington State
Convention &
Trade Center

John Christison
President/General Manager

February 18, 1999

Judith Pippin
City Clerk
City of Seattle
600 Fourth Avenue
Seattle, WA 98104

FILED
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99 FEB 22 PM 4:18
CITY CLERK

RE: **Ordinance 118225**

Dear Ms. Pippin:

In Ordinance 118225 (the "Ordinance"), passed by the City Council on August 5, 1996, and signed by the Mayor on August 9, 1996, the city imposed a hotel/motel sales tax contingent upon the Washington State Convention and Trade Center (WSCTC") filing certain documents with you. Enclosed herewith are copies of the following documents which must be filed with you pursuant to Section 2(c) of the Ordinance:

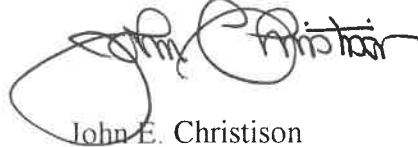
- i. A copy of the Memorandum of Agreement authorized in Section 1 of the Ordinance, executed by the duly authorized representatives of the city and the WSCTC;
- ii. Copies of the Resolution Nos. 406, 408, and 409 of the WSCTC Board of Directors, which are the resolutions required by Section 6 of the Memorandum of Agreement; and
- iii. A copy of Resolution No. 858 of the State Finance Committee approving, pursuant to the authority of RCW 39.94, a financing contract for the expansion of the WSCTC facilities.

As President/General Manager of the Washington, I certify that financing instruments have been issued pursuant to the financing contract approved by the State Finance Committee. This certification is also required by Section 2(c) of the Ordinance.

Letter to Judith Pippin
February 18, 1999
Page 2

It is the understanding of the WSCTC that, with the filing of the enclosed documents and the submission of the foregoing certification, the requirements of Section 2(c) of the Ordinance have been satisfied, and that the hotel/motel tax will commence on January 1, 2000 pursuant to Section 2(a) of the Ordinance.

Very truly yours,

A handwritten signature in black ink, appearing to read "John E. Christison", written over a circular stamp or seal.

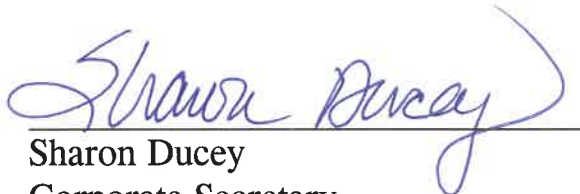
John E. Christison
President/General Manager

cc: James R. Ellis, Chairman, WSCTC Board of Directors

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CITY CLERK

I, Sharon Ducey, Corporate Secretary of the Washington State Convention & Trade Center (WSCTC), do hereby certify that the following is a true and accurate copy of Resolution No. 406 duly adopted by the WSCTC Board of Directors at its regular meeting on August 7, 1996, and Resolutions No. 408 and No. 409 duly adopted by the WSCTC Board of Directors at its regular meeting on October 2, 1996.

Dated: February 18, 1999


Sharon Ducey
Corporate Secretary

I, N. SCOTT SHEERAN, the duly appointed qualified and acting Deputy State Treasurer and Recording Officer of the State Finance Committee of the state of Washington, DO HEREBY CERTIFY that the following is a true and exact copy of excerpts from the Minutes of the State Finance Committee meeting of January 7, 1997, as recorded in Volume XI of the Minute Book page 97 through ____ inclusive.

"The State Finance Committee met in special meeting after notice duly given to the press and radio of Thurston County.

Present: Daniel K Grimm, State Treasurer
Mike Lowry, Governor
Joel Pritchard, Lieutenant Governor

Also Present: Bill Tonkin, Foster, Pepper & Shefelman
Cynthia Weed, Preston Gates & Ellis
John Bernhard, Department of Transportation
Kerrin Gibbons, Seafirst Bank
Ned Palmer, Seafirst Bank
Chuck Hartung, State Convention & Trade Center
Svein Braseth, Office of State Treasurer
Kay L. King, Office of State Treasurer
Mike Clarey, Office of State Treasurer
Patricia Richards, Office of State Treasurer
Martin Reynoso, Office of State Treasurer
Lynn Rodeheaver, Office of State Treasurer
Mark Dean, U.S. Bank Corporation
Liz Records, U.S. Bank Corporation
Gina Terry, Office of Financial Management
John Fricke, Office of Financial Management
Ann Daley, Office of State Treasurer
Sean Keatts, Lehman Brothers
Ron Olsen, U.S. Bank
Linda Willings, State Convention & Trade Center
John Christison, State Convention & Trade Center
Robert J. Fallis, Attorney General's Office
Dean Torkelson, Seattle Northwest Securities
George M. Mack, Foster Pepper & Shefelman
John R. Ellis, Attorney General's Office
Chuck Hartung, State Convention & Trade Center
Susan Musselman, Susan D. Musselman Inc.
Vicki Cox, Office of State Treasurer
Scott Sheeran, Office of State Treasurer
Tim Kerr, Office of State Treasurer
Fred Eoff, Piper Jaffray

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Lieutenant Governor Pritchard moved that the minutes for the meeting of December 19, 1996 be approved. Governor Lowry seconded the motion. The motion passed and the minutes were adopted.

* * * * *

Mr. Sheeran presented proposed Resolution No. 858 to the committee.

Resolution No. 858 approving and authorizing the execution of a master financing contract for \$111,700,000 plus financing expenses and reserves pursuant to Sec. 802 (10) (b), Chapter 16, Laws of 1995, 2nd Special Session, and an agency sub-lease agreement between and among the Washington State Convention and Trade Center, State Treasurer, and financing banks in connection with the interim financing of the expansion of the State Convention and Trade Center; authorizing the State Treasurer to approve the terms of certificates of participation in the master financing contract to be executed and delivered by a trustee pursuant to a trust agreement in connection with the term financing of the expansion of said project; and authorizing the State Treasurer to execute a certificate of participation purchase contract; all pursuant to Chapter 39.94 RCW.

Governor Lowry moved the adoption of Resolution No. 854. Lt. Governor Pritchard seconded the motion and the resolution was adopted.

* * * * *

(EXCERPTS FROM OFFICIAL RESOLUTION)

RESOLUTION NO. 858

A RESOLUTION OF THE STATE FINANCE COMMITTEE OF THE STATE OF WASHINGTON APPROVING FORMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER FINANCING CONTRACT, AN AGENCY AGREEMENT, A CONVENTION CENTER LEASE, A SECURITY AND DISBURSEMENT AGREEMENT, AN INTERCREDITOR AGREEMENT AND AN ENVIRONMENTAL AGREEMENT IN CONNECTION WITH THE INTERIM AND TERM FINANCING OF THE EXPANSION OF THE WASHINGTON STATE CONVENTION AND TRADE CENTER; AUTHORIZING THE STATE TREASURER TO APPROVE THE TERMS OF CERTIFICATES OF PARTICIPATION IN THE MASTER FINANCING CONTRACT TO BE EXECUTED AND DELIVERED BY A TRUSTEE PURSUANT TO A FORM OF TRUST AGREEMENT AND AUTHORIZING THE STATE TREASURER TO EXECUTE AND DELIVER A CERTIFICATE PURCHASE CONTRACT IN CONNECTION WITH THE TERM

**FINANCING OF THE EXPANSION OF THE WASHINGTON STATE
CONVENTION AND TRADE CENTER; ALL PURSUANT TO RCW
CH. 39.94.**

WHEREAS, Ch. 356, Laws of Washington 1989, Ch. 39.94 RCW, as amended (the "Act"), authorized and confirmed the authority of the State of Washington, its agencies, departments and instrumentalities, the State Board for Community College Education and the State Institutions of Higher Education to enter into financing contracts including refinancing contracts, for the acquisition of real and personal property; and

WHEREAS, the Act requires that all financing contracts or a standard format therefor shall be subject to review and approval by the State Finance Committee (the "Committee"); and

WHEREAS, the Washington State Convention and Trade Center (the "Corporation"), a public nonprofit corporation and instrumentality of the State of Washington, was authorized by the State Legislature in Laws of 1995, 2nd Sp. Sess., Chapter 16, Section 802(10(b)), to enter into a financing contract in the amount of \$111,700,000, plus financing expenses and reserves, for the expansion of the Washington state convention and trade center as authorized under Laws of 1995, Chapter 386 (the "Center Expansion"); and

* * * * *

Section 1. Approval of Forms of Master Financing Contract, Agency Agreement, Convention Center Lease, Security and Disbursement Agreement, Intercreditor Agreement and Environmental Agreement. To provide interim and term financing for the Center Expansion, the Committee approves and authorizes the State Treasurer and the Corporation, as required, to enter into (a) the Master Financing Contract (the "Master Financing Contract") to be dated as of January 1, 1997, by and among the State Treasurer and the Banks (b) the Agency Agreement (the "Agency Agreement") to be dated as of January 1, 1997, by and among the Corporation, the Banks and the State Treasurer; (c) the Convention Center Lease (the "Convention Center Lease") to be dated as of January 1, 1997, by and between the State, acting by and through the Corporation, as lessor, and the Banks, as initial lessee; (d) the Security and Disbursement Agreement to be dated as of January 1, 1997 (the "Disbursement Agreement"), by and among the Corporation and the Banks; (e) the Intercreditor Agreement, dated as of January 1, 1997 (the "Intercreditor Agreement"), by and among the State Treasurer and the Banks; and (f) and Environmental Indemnity Agreement to be dated as of January 1, 1997 (the "Environmental Agreement"), from the Corporation to the Banks; each substantially in the form thereof presented to the Committee this date and with any substantial changes therein, including without limitation, changes therein that may be necessary, appropriate or convenient to effectuate the term financing for the Center Expansion as provided thereunder and in Section 2 of this resolution, to be approved by the State Treasurer (each a "Designated Treasurer Representative"). Any

capitalized term used and not otherwise defined in this resolution shall have the meaning given such term in the Master Financing Contract.

* * * * *

Section 4. Official Intent to Reimburse Expenditures. For the purposes of any applicable requirement of Treasury Regulations Section 1.150-2, this resolution shall constitute a declaration of official intent to reimburse the State Treasurer and the Corporation, as applicable, from proceeds of the Initial Disbursement under the Master Financing Contract for any original expenditures made toward the Center Expansion prior to the execution and delivery of Master Financing Contract and the Agency Agreement to the Banks. The maximum amount of obligations evidenced by the Master Financing Contract, the Agency Agreement and/or the Certificates expected to be issued for the Center Expansion under this resolution is not expected to exceed \$189,000,000, including financing expenses and reserves.

* * * * *

ADOPTED at an open meeting of the State Finance Committee after notice thereof was duly given as required by law, this 7th day of January, 1997."

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of the 10th day of January, 1997.



N. SCOTT SHEERAN

Deputy State Treasurer and Recording Officer
State Finance Committee

Adopted August 7, 1996

RESOLUTION NO. 406

A RESOLUTION OF THE BOARD OF DIRECTORS ("BOARD") OF THE WASHINGTON STATE CONVENTION & TRADE CENTER ("WSCTC") AUTHORIZING EXECUTION OF (1) A MEMORANDUM OF AGREEMENT WITH THE CITY OF SEATTLE ("CITY") IN CONNECTION WITH THE EXPANSION PROJECT AND (2) AN AGREEMENT WITH THE CITY FOR THE LEASE BY THE WSCTC OF THE FREEWAY PARK GARAGE

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A. WHEREAS, in § 148, chapter 6, Laws of 1994 Sp. Sess., the Washington State Legislature ("Legislature") authorized and funded a study of the feasibility of expanding the Convention Center and a legislative task force ("Task Force") was appointed to implement the study; and

B. WHEREAS, the City appointed members to participate on the Task Force and City staff actively participated in the feasibility analysis for Convention Center expansion; and

C. WHEREAS, the Task Force adopted its final report (the "Expansion Development Study") in January, 1995 and, in the "Task Force Recommendations," the Task Force recommended expansion of the Convention Center pursuant to one of two alternative expansion options, the "East Expansion Option" or the "North Expansion Option" (collectively the "Expansion Options"); and

D. WHEREAS, in RCW 67.40.020, as amended in 1995, the Legislature authorized the expansion of the Convention Center as recommended by the Task Force ("Expansion"); and

E. WHEREAS, the WSCTC and the City have negotiated a Memorandum of Agreement ("MOA") which includes, among other provisions, provisions meeting certain requirements established by the Legislature for Expansion; and

F. WHEREAS, the Legislature provided in RCW 67.40.130 that most of the cost of the Expansion should be paid with moneys collected from a hotel sales tax which the Legislature authorized the City to impose, and in the MOA the City commits to impose the hotel sales tax authorized by the Legislature; and

G. WHEREAS, in RCW 67.40.180, the Legislature prohibited the Convention Center from expending moneys for expansion, other than expenditures for certain preliminary activities, prior to acceptance by the WSCTC of an irrevocable commitment for \$15,000,000 in funding from public or private participants consistent with the Task Force Recommendations, and in the MOA the City commits to contribute \$7,500,000 to the costs of the Expansion, consistent with the Task Force recommendations; and

H. WHEREAS, the Task Force also recommended that a portion of the costs of Expansion should be provided from the revenues produced by the Freeway Park Garage, and in the MOA the City commits to provide such revenues to the WSCTC by making a thirty-year, renewable lease of the Freeway Park Garage to the WSCTC; and

I. WHEREAS, the commitments of the City in the MOA to (1) impose the hotel sales tax, (2) contribute \$7,500,000 to the costs of Expansion, and (3) lease the Freeway Park Garage to the WSCTC are irrevocable commitments within the meaning of RCW 67.40.180, conditioned only upon the WSCTC (1) approving the MOA, (2) selecting an Expansion Option and contractually committing as part of the MOA to commence and complete the Expansion, (3) accepting one or more irrevocable commitments of third parties to contribute at least \$7,500,000 to the Expansion, (4) determining that the Expansion is financially feasible, and (5) providing to the City an unqualified commitment by the WSCTC that the financial commitments of the City in the MOA are the entire financial commitments that will be requested of the City for the Expansion; and

J. WHEREAS, in Resolution No. 376, adopted by the Board on February 22, 1995, the WSCTC committed to replace all low income residential housing that is demolished as a result of the Expansion with housing that is as good or better, and equally affordable, as the housing demolished, to replace all occupied low-income housing with replacement units before the occupied units are demolished, and to pay adequate and reasonable relocation expenses to tenants who are relocated due to the Expansion; and

K. WHEREAS, the MOA includes appropriate agreements of the WSCTC and City to implement the foregoing commitments of the WSCTC concerning replacement housing and tenant relocation; and

L. WHEREAS, in the MOA, the City has committed to facilitate Convention Center Expansion by expediting the processing, consideration and decision-making concerning the necessary permits and approvals for Expansion and replacement housing, including all land use and construction permits, and all permits and approvals for skybridges, vacation of street, alley and air rights, and by designating a project liaison to expedite Expansion project review in all concerned City departments and attend meetings of the WSCTC Design Committee during the period of project design and construction; and

M. WHEREAS, in the MOA, the City agrees that the WSCTC is exempt from payment of any portion of the appraised value of any area vacated pursuant to a street vacation, and the WSCTC need only pay the City's cost of processing the vacation request; and

N. WHEREAS, the MOA contains other provisions which will be useful to the WSCTC in connection with the Expansion project; and

O. WHEREAS, in Council Bill No. 11329, adopted on August 5, 1996, the Seattle City Council approved the MOA and authorized the Mayor to execute the MOA; and

P. WHEREAS, to effectuate the City's commitment in the MOA to lease the Freeway Park Garage to the WSCTC, the City and the WSCTC have negotiated appropriate lease terms and conditions, stated in Special Terms and Conditions and General Terms and Conditions (collectively "Lease Agreement") to be effective on January 1, 1997, and, in the aforementioned Council Bill No. 11329, the Seattle City Council approved said Lease Agreement and authorized its execution after the WSCTC meets the conditions specified in paragraph I above; and

Q. WHEREAS, the WSCTC desires to operate the Freeway Park Garage pursuant to the Lease Agreement, and the WSCTC should integrate the operations of the Freeway Park Garage with the WSCTC Garage by connecting the two garages and consolidating their operations; and

R. WHEREAS, the Board intends that nothing in this Resolution, in the MOA, or in the Lease Agreement shall limit the Board, after issuance of a final environmental impact statement, from choosing any reasonable expansion alternative or the no action alternative;

NOW, THEREFORE, BE IT RESOLVED by the WSCTC Board of Directors that the Memorandum of Agreement with the City of Seattle is approved and the Chairman is authorized to execute the MOA substantially in the form presented to the Board at its meeting on August 7, 1996; and

BE IT FURTHER RESOLVED by the WSCTC Board of Directors that the Lease Agreement, including the Special Terms and Conditions and the General Terms and Conditions, is approved and the Chairman is authorized to execute the Lease Agreement substantially in the form presented to the Board at its meeting on August 7, 1996; and

BE IT FURTHER RESOLVED, that the Board intends that nothing in this Resolution, in the MOA, or in the Lease Agreement shall limit the Board, after issuance of a final environmental impact statement, from choosing any reasonable expansion alternative or the no action alternative.

Adopted October 2, 1996

RESOLUTION NO. 408

A RESOLUTION OF THE BOARD OF DIRECTORS
("BOARD") OF THE WASHINGTON STATE
CONVENTION & TRADE CENTER ("WSCTC")
APPROVING AN OPTION AGREEMENT WITH
R.C. HEDREEN CO. FOR CO-DEVELOPMENT OF
FACILITIES IN CONNECTION WITH THE NORTH
EXPANSION ALTERNATIVE

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CITY CLERK

WHEREAS, in chapter 386, Laws of 1995, the Washington State Legislature ("Legislature") authorized the expansion of the Convention Center in accordance with recommendations made in a report dated December, 1994, by the legislative task force created pursuant to § 148, chapter 6, Laws of 1994 Sp. Sess. ("Task Force"); and

WHEREAS, the north expansion alternative ("North Alternative"), which is one of the two expansion alternatives recommended by the Task Force and approved by the Legislature, contemplated that a portion of the cost of the Expansion Project could be secured by a co-development of hotel, office, retail, parking or other private facilities in portions of the expansion site which would be excess to WSCTC's needs after construction of the North Expansion; and

WHEREAS, to obtain the financial and other benefits of co-development in surplus property it is necessary to coordinate such development with the Center Expansion from the outset; and

WHEREAS, in Resolution No. 399 adopted on June 21, 1996, the WSCTC Board

designated the North Alternative as the preferred expansion alternative for preparation of a final environmental impact statement; and

WHEREAS, the WSCTC published a request for qualifications ("RFQ") for private firms to participate in the co-development of the public and private facilities recommended by the Task Force and authorized by the Legislature on a portion of the North Alternative site ("Northwest Development"), and, after completing a competitive selection process, the Board on September 11, 1996, authorized its Chairman to conduct negotiations with R.C. Hedreen Co. ("Hedreen"), one of the proposers in response to the RFQ, for an agreement for co-development of the Northwest Development; and

WHEREAS, as a result of the negotiations authorized by the Board, Hedreen has agreed to an Option, Purchase, and Development Agreement ("Development Agreement") for co-development with the WSCTC of public and private facilities in the Northwest Development; and

WHEREAS, the Development Agreement will require Hedreen to deliver certain property and facilities to the WSCTC which are necessary for the Center expansion; to undertake other acts including integrated development on surplus space in the Northwest Development of private facilities that will be compatible with the public WSCTC facilities, and to pay WSCTC \$15 million for the surplus property, thus significantly reducing WSCTC's net land acquisition costs; and

WHEREAS, under the Development Agreement, Hedreen is required to provide

security for its performance; and

WHEREAS, in RCW 67.40.180, the Legislature limited Convention Center expansion expenditures to preliminary design and planning activities, environmental studies, and real estate appraisals, prior to acceptance by the WSCTC of irrevocable commitments of funding from public or private participants consistent with the Task Force recommendations, and the commitments of Hedreen under the Development Agreement constitute an irrevocable commitment within the meaning of RCW 67.40.180 of funding for expansion of at least \$7,500,000, subject to acceptance by the Board; and

WHEREAS, the Development Agreement includes other provisions which are necessary and appropriate for the co-development by the WSCTC and Hedreen of the Northwest Development; and

WHEREAS, under its terms, the Development Agreement grants to WSCTC an option to require performance by Hedreen upon exercise of the option by WSCTC, so that WSCTC can obtain performance from Hedreen in the event the Board selects the North Alternative after publication of a Final Environmental Impact Statement, but nothing in the Development Agreement or in the negotiations with Hedreen concerning the co-development under the North Alternative limits the Board from choosing any reasonable expansion alternative or the no action alternative; and

WHEREAS, pursuant to RCW 67.40.020(2), the Director of the state Office of Financial Management, after consultation with the chairpersons of the appropriate fiscal

committees of the state Senate and House of Representatives, has indicated that he will approve the Development Agreement if the WSCTC proceeds with the expansion project;

NOW, THEREFORE, BE IT RESOLVED that (1) the WSCTC Board of Directors hereby approves the Option, Purchase and Development Agreement ("Development Agreement") with Hedreen substantially in the form submitted to the Board at its meeting on October 2, 1996, and authorizes the Chairman of the Board of Directors to execute the same on behalf of WSCTC, and (2) the Chairman of the Board of Directors is authorized to exercise the Option granted to WSCTC in the Development Agreement when the Chairman, in his discretion, determines that it is appropriate if, but only if, the Board has selected the North Alternative.

Adopted October 2, 1996

RESOLUTION NO. 409

A RESOLUTION OF THE BOARD OF DIRECTORS
("BOARD") OF THE WASHINGTON STATE
CONVENTION & TRADE CENTER ("WSCTC")
AUTHORIZING EXPANSION OF THE WSCTC
FACILITIES, SELECTING AN EXPANSION SITE
AND AUTHORIZING FINANCING FOR THE
EXPANSION PROJECT

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CITY OF SEATTLE
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CITY CLERK

WHEREAS, in § 148, chapter 6, Laws of 1994 Sp. Sess., the Washington State Legislature ("Legislature") authorized a study of the feasibility of expanding the Convention Center, and a legislative task force ("Task Force") was appointed to conduct the study, which was supported by a team of professional consultants; and

WHEREAS, the Task Force completed its work and adopted its "Expansion Development Study" report, dated December 23, 1994, and its "Task Force Recommendations," dated December, 1994, in which the Task Force recommended that the WSCTC be expanded to add 100,000 to 125,000 square feet of contiguous or connected exhibit hall space; and

WHEREAS, thereafter, in RCW 67.40.020, as amended in chapter 386, Laws of 1995, the Legislature authorized the expansion of the Convention Center in accordance with the Task Force's recommendations; and

WHEREAS, the Board finds that, as the Task Force concluded in its Recommendations, the Convention Center must expand its heavy load exhibit space at this time to assure future ability to maintain the economic and civic benefits of the WSCTC; and

WHEREAS, the Task Force analyzed the nine expansion alternatives in its Expansion Development Study, including alternatives for expansion to the south and west, and multiple alternatives for expansion to the north and east, and recommended that the expansion proceed pursuant to one of two alternatives, the North Expansion Alternative ("North Alternative") or the East Expansion Alternative ("East Alternative"); and

WHEREAS, beginning in September, 1995, the Design Committee of the Board conducted a second round of research on potential expansion alternatives; and

WHEREAS, in September, 1995, the WSCTC, as the lead agency, initiated a process of environmental review of expansion alternatives, including the North Alternative, the East Alternative, and the No Action Alternative, pursuant to the provisions of the State Environmental Policy Act ("SEPA"), chapter 43.21C RCW, and the rules promulgated pursuant to that act, chapters 197-11 and 140-09 WAC; and

WHEREAS, the WSCTC environmental review of expansion alternatives was conducted under the direction of the President/General Manager, formerly known as the "Administrator," who is the responsible official for WSCTC expansion SEPA compliance under the provisions of WAC 197-11-910; and

WHEREAS, beginning on October 19, 1995, the WSCTC conducted an expanded scoping process by publishing and mailing to interested parties a Notice of Scoping and a Determination of Significance, and a Request for Comments on Scope of EIS and Public Meeting, both dated October 16, 1995, and the WSCTC also distributed informational pamphlets and comment sheets, and held a public open house on November 13, 1995, at

which numerous comments were provided by members of the public about the scope of environmental review, and the WSCTC received 57 scoping letters or comment sheets and two petitions during the expanded scoping process; and

WHEREAS, the President/General Manager determined that a Draft Environmental Impact Statement ("DEIS") was adequate and complied with SEPA rules and directed that it be published, and the DEIS was published on April 2, 1996; and

WHEREAS, on April 24, 1996, the Board held a public meeting/hearing on the DEIS, and on May 15, 1996, the Board held a public hearing on the DEIS, and numerous comments on the DEIS were received on both occasions, and many other comments on the DEIS were received during the comment period established by the Board, which comment period included the required thirty days and a fifteen-day extension; and

WHEREAS, in a report entitled "Expansion Alternatives," dated May 22, 1996, the Design Committee of the Board found that expansion alternatives to the west and south, and on a separated site, were not feasible and should not be further studied, and the Board adopted these findings in Resolution No. 399 on June 21, 1996; and

WHEREAS, in Resolution No. 399, the Board also established criteria for selection of an expansion site alternative, including the economic benefits produced by the alternative, the impacts of the alternative on the community and the measures available to mitigate those impacts, the impact of the alternative on the urban fabric of the surrounding community even after the mitigation measures, the impact of the alternative on general tax revenues, and the extent to which the alternative meets pertinent legal and financial requirements; and

WHEREAS, in Resolution No. 399, the Board designated the North Expansion Alternative as the preferred alternative; and

WHEREAS, the President/General Manager determined that a Final Environmental Impact Statement ("FEIS") was adequate and complied with SEPA rules and directed that it be published, and the FEIS was published on September 3, 1996; and

WHEREAS, the President/General Manager has submitted to the Board his report, dated October 2, 1996, in which he determines that the DEIS and FEIS provide an impartial discussion of all significant environmental impacts arising from the proposed expansion, of reasonable alternatives, and of mitigation measures that will avoid or minimize adverse impacts, and that the FEIS addresses or responds to comments on the DEIS to the extent appropriate, and that the DEIS and FEIS provide the Board with an adequate means of assessing the environmental impact of the proposed expansion; and

WHEREAS, the Board has carefully considered the impacts, alternatives, and mitigation measures discussed in the DEIS and FEIS and the comments on the DEIS, and the Board finds that the criteria for selection of an expansion site alternative specified in the Design Committee Expansion Report and adopted in Resolution No. 399 continue to be the appropriate criteria for selection of an expansion site alternative; and

WHEREAS, the Board has carefully considered the Task Force Expansion Development Study, the Task Force Recommendations, the Expansion Alternatives Report of the Board's Design Committee, and other pertinent data and information brought to the Board's attention from time to time; and

WHEREAS, the Board finds that the No Action Alternative would fail to achieve the economic and civic goals of the legislation which authorized expansion, chapter 386, Laws of 1995, and, for the reasons stated in the Expansion Alternatives report, the south, west, and separated sites are not feasible; and

WHEREAS, the Board finds that while the North and East Alternatives could produce equally functional exhibit hall expansion space and generate the same economic benefits, the North Alternative and its ancillary mitigating structure will produce greater civic benefits and fewer adverse environmental and other impacts than the East Alternative, as discussed in the Expansion Alternatives Report and the FEIS, and that only the North Alternative meets the legal and financial requirements of chapter 386, laws of 1995; and

WHEREAS, the Board finds that the North Alternative will provide the WSCTC with expanded facilities that will allow the WSCTC to compete successfully in the national convention market; and

WHEREAS, the Board finds that the expansion project under the North Alternative ("Expansion Project") is financially feasible; and

WHEREAS, in RCW 67.40.180, the Legislature limited Convention Center expansion expenditures to preliminary design and planning activities, environmental studies, and real estate appraisals, prior to acceptance by the WSCTC of irrevocable commitments of contributions from public or private participants consistent with the Task Force recommendations; and

WHEREAS, in Resolution No. 406, adopted on August 7, 1996, the Board approved

a Memorandum of Agreement ("MOA") with the City of Seattle ("City") in which, the City irrevocably commits to contribute at least \$7,500,000 to pay costs of WSCTC expansion; and

WHEREAS, the WSCTC and R.C. Hedreen Co. ("Hedreen") have negotiated an Option, Purchase and Development Agreement ("Development Agreement") in which Hedreen irrevocably commits to pay at least \$7,500,000 of WSCTC Expansion Project costs; and

WHEREAS, the Board concludes that the foregoing commitments of the City of Seattle and Hedreen satisfy the requirements of RCW 67.40.180 for expenditures to carry out the Expansion Project; and

WHEREAS, no financial commitments of the City beyond those contained in the MOA shall be requested of the City or required for the Expansion Project; and

WHEREAS, at its meeting on October 2, 1996, the Board adopted a resolution approving the Development Agreement with Hedreen, and authorized its Chairman to exercise the option set forth therein; and

WHEREAS, in the 1995-1997 capital budget, the Legislature authorized the WSCTC to enter into a financing contract in the amount of \$111,700,000 plus financing expenses and reserves for the Expansion Project ("Expansion Financing"); and

WHEREAS, the Board desires to secure the Expansion Financing authorized by the Legislature, and the Chairman should be directed to implement the Expansion Financing, and to include in the financing contract a co-development reserve which is required for the Expansion Project, and to enter into appropriate contracts and agreements, including but not

limited to financing contracts or leases, ground leases, and trust agreements, and to pledge as security for payment under a financing contract money appropriated by the Legislature for payments under a financing contract, and to enter into one or more agreements for the management by the WSCTC of all or any part of the construction of facilities in the Expansion Project; and

WHEREAS, the Director of the state Office of Financial Management, after consultation with the Chairpersons of the appropriate fiscal committees of the state Senate and House of Representatives, has indicated the he will approve the acquisitions and transfers of real property necessary for the Expansion Project if the Board determines to proceed with the project; and

WHEREAS, the Board finds that the Chairman and President/General Manager should be directed to implement the Expansion Project, and to spend all lawfully available funds necessary to accomplish the Expansion Project;

NOW, THEREFORE, BE IT RESOLVED, by the WSCTC Board of Directors ("Board") that the Board hereby accepts the report of its President/General Manager, dated October 2, 1996, concerning Adequacy of Environmental Impact Statement for Expansion of the Convention & Trade Center, and determines that expansion of the WSCTC facilities pursuant to the North Alternative is financially feasible; and, for the reasons stated above, the Board selects the North Alternative, and authorizes and directs the Chairman/CEO and President/General Manager to take all actions necessary to implement the Expansion Project pursuant to the North Alternative; and

BE IT FURTHER RESOLVED, that the Board determines that the foregoing commitments of the City of Seattle and Hedreen meet the requirements of RCW 67.40.180, for an irrevocable commitment of funding from public or private participants consistent with the Task Force Recommendations; and

BE IT FURTHER RESOLVED, that the Chairman is authorized, in his discretion as and when he deems it appropriate, to exercise the option specified in Section 3 of the Development Agreement; and

BE IT FURTHER RESOLVED, that the WSCTC Board of Directors hereby authorizes its Chairman on behalf of the Board of Directors, subject to the conditions and limitations stated below, to enter into a financing contract in the amount of \$111.7 million plus financing expenses and reserves, including an adequate co-development reserve, for the Expansion Financing, and to take all steps reasonably necessary to implement the Expansion Financing as authorized by the Legislature. In addition to the foregoing authorizations, the Chairman shall be specifically authorized: (1) to work with the State Treasurer and one or more underwriters to select the most economical financing contract option practically available, and to select the most economical and practical structure of the financing; (2) to enter into conveyances of title and mortgages to, or create security interests in, WSCTC real or personal property, including property presently owned by the WSCTC and property to be acquired by the WSCTC in the future in connection with the Expansion Project or otherwise, to secure the performance by the State of Washington and WSCTC under the financing contract; (3) to enter into appropriate contracts and agreements to implement the financing, including but not limited to financing contracts or leases, ground leases, and trust agreements; (4) to pledge as security for payment under a financing contract monies appropriated by the Legislature for payments under a financing contract; and (5) to enter into one or more agreements for the management by the WSCTC of all or

any part of the construction of facilities in the Expansion Project; PROVIDED FURTHER, that the actions authorized under (2), (3), (4) and (5) above shall be subject to the approval or ratification of the WSCTC Board of Directors; and PROVIDED FURTHER, that no financing contract entered into on behalf of the WSCTC shall have a term of more than thirty years.

ORDINANCE

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AN ORDINANCE relating to the Washington State Convention and Trade Center ("WSCTC"); authorizing the Mayor to enter into a Memorandum of Agreement with the WSCTC to contribute to the expansion of the Washington State Convention and Trade Center; establishing irrevocable commitments of the City to the expansion project; imposing a tax and directing its deposit and uses; expressing the Council's judgment that certain amendments to the WSCTC's PUDA and the related contract rezone would be within the spirit and general purpose of, and would not represent a major departure from, the terms of the existing PUDA and contract rezone; accepting certain commitments of the WSCTC for housing replacement and tenant relocation assistance for the expansion project; and authorizing the commitment of City funds to the Washington State Convention and Trade Center at a future time as delineated in the Memorandum of Agreement.

WHEREAS, in Section 148, chapter 6, Laws of 1994 Sp. Sess., the Washington State Legislature ("Legislature") authorized and funded a study of the feasibility of expanding the Washington State Convention and Trade Center ("WSCTC") and a legislative task force ("Task Force") was appointed to implement the study; and

WHEREAS, the City appointed members to participate on the Task Force and City staff actively participated in the feasibility analysis for WSCTC expansion; and

WHEREAS, the Seattle City Council, with the Mayor's concurrence adopted Resolution 29034 in November, 1994, supporting expansion of the WSCTC; and

WHEREAS, the Task Force adopted its final report (the "Expansion Development Study") in January, 1995 and, in the "Task Force Recommendations" dated December, 1994, the Task Force recommended expansion of the WSCTC pursuant to one of two alternative expansion options, the "East Expansion Option" or the "North Expansion Option"; and

WHEREAS, in chapter 386, Laws of 1995, the Legislature authorized the expansion of the WSCTC as recommended by the Task Force; and

WHEREAS, the Legislature provided in chapter 386, Laws of 1995, that most of the cost of the expansion of the WSCTC should be paid with moneys collected from a hotel sales tax which the Legislature authorized the City to impose, to be collected by the Washington State Department of Revenue and credited against the state sales tax, and the City desires to impose this tax contingent upon the happening of certain events; and

WHEREAS, the Task Force also recommended that a portion of the costs of expansion of the WSCTC should be provided from the revenues produced by the Freeway Park Garage; and

WHEREAS, in the Expansion Development Study the Task Force projected that WSCTC expansion will increase City tax revenues under either expansion option; and

WHEREAS, implementation of the East Expansion Option would require demolition of the Elektra (formerly the Town House) Apartments, the Terri Anne Apartments, the Le Roi Apartments and

1 relocation assistance that exceed minimum City requirements and to maintain certain real property of the
2 City.

3 Section 2. (a) Contingent on the happening of events specified in subsection (c) below, and
4 commencing no sooner than January 1, 2000, in any event, there is hereby fixed and imposed a sales tax
5 on the charge for rooms to be used for lodging by transients in accordance with the terms of chapter 386,
6 Laws of 1995, to be collected from those persons located within the boundaries of the City of Seattle
7 who are taxable by the State of Washington under RCW 67.40.090. The rate of the tax is two percent
8 (2%) of the charge for rooms to be used for lodging by transients.

9 (b) The tax imposed by this section is due and payable, and shall be collected, in the same
10 manner as for taxes authorized under chapter 82.14 RCW, and penalties, receipts, abatements, refunds,
11 and all similar matters shall be as provided in chapter 82.08 RCW. All proceeds of the tax shall be
12 deposited in the State Convention and Trade Center Account in the State Treasury and used solely for the
13 purposes specified in RCW 67.40.170.

14 (c) The tax imposed by this section is contingent upon and shall not take effect until the WSCTC
15 files all of the following documents with the City Clerk:

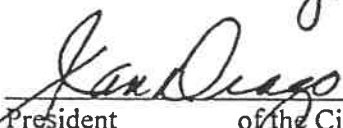
- 16 (i) a copy of the Memorandum of Agreement authorized in section 1 executed by the duly
17 authorized representatives of the City and the WSCTC; and
18
19 (ii) a copy of the resolution of the WSCTC Board of Directors required by Section 6 of the
20 Memorandum of Agreement; and
21
22 (iii) a copy of a resolution of the State Finance Committee approving, pursuant to the authority
23 of RCW 39.94, a financing contract for the expansion of the WSCTC, and a certification by the
24 WSCTC that financing instruments have been issued pursuant to that financing contract;
and in no event sooner than January 1, 2000.

25 (d) The tax imposed by this section shall be maintained and shall not be modified until the earlier of
26 (i) the date the payment obligations of the WSCTC under the Financing Contract(s) to finance the
27 expansion of the WSCTC are no longer outstanding, and (ii) December 31, 2026. The tax imposed by
28

1 Council that the Department of Administrative Services review Freeway Park Garage under the City's
2 managed competition program, and notwithstanding SMC chapters 20.44 and 20.46A, the Department of
3 Administrative Services is hereby authorized to enter into a management contract with the WSCTC in
4 such form and with such terms as are acceptable to the Director of Administrative Services or his
5 functional successor without seeking competitive bid or requiring participation by minority and women's
6 businesses.

7 Section 7: This ordinance shall take effect and be in force thirty (30) days from and after its
8 approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after
9 presentation, it shall take effect as provided by Municipal Code Section 1.04.020; except that section 2
10 shall take effect only when a contract with the Washington State Department of Revenue for
11 administration and collection of the tax imposed therein has been filed with the City Clerk. For purposes
12 of RCW 82.14.036, the City Clerk is identified as the filing officer.
13

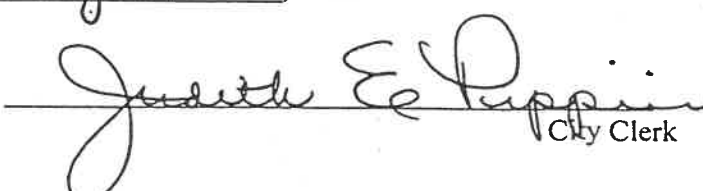
14 Passed by the City Council the 5 day of August, 1996, and signed by me in open
15 session in authentication of its passage this 5 day of August, 1996.
16

17 
18 President _____ of the City Council

19 Approved by me this 9 day of August, 1996.
20

21 
22 Mayor

23 Filed by me this 14 day of August, 1996.
24

25 
26 City Clerk
27

28 ref: FinAdmin Ord/Agrmt no 2. (WSCTCB2)

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT, (the "Agreement"), is entered between the Washington State Convention and Trade Center, (the "Convention Center"), a Washington public non-profit corporation, and The City of Seattle, (the "City"), a State of Washington municipal corporation (collectively, the "Parties").

RECITALS

- A. Recognizing the contributions which the Convention Center makes to the economic vitality of the State of Washington and to the downtown Seattle retail core, the State, the Convention Center and the City have cooperatively studied the feasibility of expanding the Convention Center to increase market share. A task force, appointed by the Governor, the Legislature and the Mayor of Seattle, completed an Expansion Development Study in January 1995 and recommended two alternative expansion options, the "East Option" or the "North Option."
- B. The State has authorized expansion of the Convention Center as recommended by the task force; has authorized the City to impose a Hotel Sales Tax, to be credited against State sales tax, to finance the Expansion Project; has stated that additional funds in the amount of \$15,000,000 from public or private sources other than those authorized by the State should be contributed to the Expansion Project; and has prohibited the Convention Center from expending moneys for Expansion Project, other than expenditures for preliminary design and planning activities, environmental studies, and real estate appraisals, prior to acceptance by the Convention Center Board of Directors of an irrevocable commitment for funding from public or private participants consistent with the Task Force recommendations.
- C. The City intends to impose the local option Hotel Sales Tax authorized to finance the Expansion Project and to make a financial contribution to the project based on its value to the City, consistent with City policy guidance in Resolution 29034.
- D. The City also intends to transfer the management, debt service responsibility, and revenues generated by the Freeway Park Garage to the Convention Center, as recommended by the Expansion Task Force, to contribute toward the on-going viability of the expanded Convention Center.

E. The Parties share the following common objectives related to the Expansion Project:

- Build a quality Expansion Project which increases the Convention Center's share of the convention market.
- Develop an Expansion Project which recognizes and contributes to the urban character of its setting.
- Develop an Expansion Project with minimum adverse impacts to the environment.
- Replace all demolished housing units, provide relocation opportunities for displaced residents prior to demolition of existing housing, and realize a net gain in housing units.
- Utilize the expertise within the City, especially within DCLU and DHHS, to achieve an excellent Expansion Project.
- Expedite review of necessary permits and approvals in support of a short timeline for development.
- Involve the community in project planning.
- Expand in a manner to maximize general tax revenues for the State and the City

F. The Convention Center's objectives also include the following:

- Complete the Expansion Project to allow its operation in year 2000.
- To the extent allowable by law, obtain expedited processing of necessary permits, street and alley vacations and other approvals.
- Minimize conflicts regarding permits and approvals.

G. The City's objectives also include the following:

- Achieve the expansion of the Convention Center in a manner that further promotes and supports the revitalization efforts of the retail core.
- Fulfill its mission to enforce state and local land use laws, environmental processes, building code and other regulations
- Encourage development of streetscape improvements and street level uses which are consistent with the recommendations of the Pine Street Advisory Task Force for the retail district centered on Pine Street.
- Achieve improvements in the Seattle economy through increased tourism, job creation and retail sales and protect the City's General Fund.
- Address citizen concerns during project planning and permitting.

WHEREAS, the City and the Convention Center desire to memorialize their agreements with regard to the expansion of the Convention Center, including funding matters, the Freeway Park Garage, and the development of replacement housing;

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto acknowledge and agree as follows:

AGREEMENT

1. DEFINITIONS

- 1.1 "Apartments" shall refer to those apartment buildings which may be demolished in the Expansion Project, and refers to the Elektra (formerly the Town House) Apartments, Terri Anne Apartments, Le Roi Apartments and Cambridge Apartments in connection with the East Option, and the Waldorf Apartments with the North Option. "Apartment" shall refer to one of the foregoing apartment buildings individually.
- 1.2 "City" means the City of Seattle.
- 1.3 "DCLU" means the Seattle Department of Construction and Land Use or any successor agency which succeeds to its functions with regards to environmental review pursuant to the State Environmental Policy Act and the issuance of building permits.
- 1.4 "DHHS" means the Seattle Department of Housing and Human Services or any successor agency which succeeds to its functions with regard to Low-Income Housing.
- 1.5 "East Option" means the development of the Expansion Project in an easterly and southeasterly direction, bounded approximately by Pike Street, Terry Avenue, Freeway Park, and the existing Horizon House apartments, including portions of Hubbell Place, Ninth Avenue and Union Street right-of-way. "East Site" means the property where the "East Option" expansion would be developed.
- 1.6 "Engineering" means the Seattle Engineering Department or any successor agency which succeeds to its functions with regards to the issuance of permits for skybridges and the use of streets and alleys.
- 1.7 "Expansion Option" means the East Option or the North Option.
- 1.8 "Expansion Project" means the physical improvement to the Convention Center facilities which shall include approximately 100,000 square feet of additional heavy-load exhibition space, additional lobby and pre-function areas, and additional loading bays and support areas.
- 1.9 "Gross Receipts" means the total collections received by the Convention Center as fees for parking in the Freeway Park Garage.
- 1.10 "Housing Provider" means a for-profit or non-profit housing development organization.
- 1.11 "Low-Income Housing" means housing affordable to households earning 60% or less of Median Income, assuming that not more than 35% of monthly income is paid for Rent.
- 1.12 "Low-Income Tenant" means a tenant household with an income that is 60% or less of Median Income.
- 1.13 "Median Income" means median household income, adjusted for household size, as published periodically by the U.S. Department of Housing and Urban Development for the Seattle-Everett Metropolitan Statistical Area.

- 1.14 "MWBE" means Minority and Women-owned Business Enterprises as certified by the State of Washington Department of Licensing.
- 1.15 "Net Operating Revenue" means the Gross Receipts less the costs of operations, maintenance, and personnel attributed to the operation of the Garage and reasonable overhead of the WSCTC attributable to the operation of the Garage.
- 1.16 "North Option" means the expansion of the Convention Center in a northerly direction across Pike Street, bound approximately by Pike Street, Pine Street, 7th Avenue and 9th Avenue (excluding certain properties adjacent to Pine Street between 8th and 9th), including aerial crossings of Pike Street and 8th Avenue. "North Site" means the property where the North Option would be developed.
- 1.17 "Occupied Units" means units in any of the Apartments to be demolished that are occupied by tenants on the date when the Convention Center surveys the Apartments pursuant to Paragraph 4.6. . There are currently estimated to be 319 Occupied units in the Apartments in the East Site, and 127 Occupied Units on the North Site.
- 1.18 "Rent" shall include all amounts paid directly or indirectly for the use or occupancy of a dwelling unit and of common areas, and shall also include a utility allowance, which shall be equal to the utility allowance published from time to time by the Seattle Housing Authority ("SHA") for the type of dwelling unit in which the City determines that utilities are most nearly comparable or, if the City determines that no reasonably comparable figures are available from SHA, the utility allowance shall be such amount as the City determines from time to time as an adequate allowance for heat, gas, electricity, water, sewer, and refuse collection (to the extent such items are not paid for by Housing Provider). Rent shall not include any allowance for parking, board, day care, telephone, cable TV, laundry or other such services.
- 1.19 "Rehabilitated Housing" means housing that was occupied no more recently than 1994 and is hereafter rehabilitated to standards of the Seattle Building Code for substantial rehabilitation.
- 1.20 "Replacement Housing" means newly constructed housing or Rehabilitated Housing that is built or rehabilitated to replace the Apartments demolished for the Expansion Project.
- 1.21 "Tax Credits" means Federal Low-Income Housing Tax Credits.

2. TERM OF AGREEMENT

This Agreement shall remain in effect until its purposes of facilitating and financing the Convention Center Expansion Project authorized by the Legislature and the obligations herein, have been satisfied pursuant to this Agreement, including the covenants as described in paragraph 5.2 below and the term of Housing Affordability as set forth in Paragraph 4.11 below, or until the Agreement has been terminated as provided for in paragraph 9.9 below.

3. HOTEL SALES TAX

Subject to acceptance by the Convention Center pursuant to Section 6:

The City will fix and impose a hotel sales tax pursuant to the authorization and consistent with the requirements contained in RCW 67.40.130 - .190 ("Hotel Sales Tax"), to become payable after notification to the City by the Convention Center that the State Finance Committee has approved, pursuant to the authority of RCW 39.94, a financing contract ("Financing Contract") for the Expansion Project, and that financing instruments have been issued pursuant to the Financing Contract, and no earlier than for the tax period beginning on January 1, 2000. The two-percent Hotel Sales Tax will be collected by the State Department of Revenue and will be credited to the Convention Center account in the State Treasury. The Hotel Sales Tax shall be used solely by the Convention Center for the purposes specified by the Legislature for the benefit of the Convention Center and the City. The City agrees that once imposed, the Hotel Sales Tax will remain in effect and not be modified until the earlier of (i) the date the payment obligations of the Convention Center under the Financing Contract cease to be outstanding or (ii) December 31, 2026.

4. REPLACEMENT HOUSING

4.1 Replacement Housing.

The Convention Center agrees to replace in the manner provided for herein, all units that were Low-Income Housing units on May 16, 1995, in the Apartments which are demolished by the Convention Center. There are 394 units in the Apartments on the East Site, 374 of which were Low-Income Housing Units on May 16, 1995, and 127 units in the Waldorf Apartments on the North Site, all of which were Low-Income Housing Units on May 16, 1995. These units will be replaced with either newly constructed housing or Rehabilitated Housing. The Replacement Housing units will be comparable in quality to other publicly-funded Low-Income Housing built in Seattle, and will be equally affordable as the units demolished. The City and the Convention Center will cooperate to ensure that the Replacement Housing is expeditiously provided, consistent with the provisions of this Agreement. At the time of contract award to the Housing Provider(s), the Convention Center shall provide to the City a summary with respect to each Replacement Housing project showing the number and size of units, income levels served and initial rents. The City and the Convention Center expect that private development in conjunction with the Convention Center Expansion Project will produce a number of new, market rate units at least equal to the number of housing units demolished for the Expansion Project, that were not Low-Income Housing Units as of May 16, 1995.

4.2 Replacement Housing Financing.

The Convention Center agrees that funds from the following sources shall not be used to fund the construction of the Replacement Housing: 9% Tax Credits; City, King County, and State housing funds; and federal housing grants. This does not exclude the generation of financial support for Replacement Housing through Housing Bonus or Transferable Development Rights, as discussed in Paragraph 4.14.

4.3 Replacement Housing Rents.

- a. Low-Income Housing Units shall be replaced with units with initial Rents not exceeding 35% of the following per cent of Median Income:

	Rent Level ¹	<u># of Units</u>
East Option	30% - 40%	60
	41% - 50%	210
	<u>51% - 60%</u>	<u>104</u>
	Total	374
North Option	41% - 50%	81
	<u>51% - 60%</u>	<u>46</u>
	Total	127

- b. Low-Income tenants of Occupied Units of an Apartment shall be provided a comparable unit in the Replacement Housing, in type and rent level, prior to the demolition of the Apartment.
- c. Rents for units that serve as Replacement Housing shall not be increased except for an annual increase, at the discretion of the Housing Provider, that shall not result in a change in the rent level of the unit as displayed in Paragraph 4.3(a), based on the most recent publication of Median Income for the Seattle-Everett Standard Metropolitan Statistical Area.

¹ Refers to Per Cent of Household Median Income

- d. The Waldorf Apartments currently operates under a housing subsidy contract under the "Section 8" program with the U.S. Department of Housing and Urban Development (HUD). HUD has indicated that this form of Section 8 contract to a building will not be renewed; Section 8 subsidies, in the form of individual vouchers, will continue. The Waldorf Apartments contract expires on June 30, 1999. The Convention Center and the City acknowledge the importance of obtaining future rent subsidy for the qualified tenants of the Waldorf, beyond the rent affordability level specified in Paragraph 4.3(a), above, and shall work with HUD to obtain vouchers to provide the Section 8 subsidy for the qualified tenants. Neither the Convention Center nor the City can guarantee the provision of subsidies equivalent to the Section 8 subsidy beyond the expiration date of the current contract between the Waldorf and HUD. Should the effort to obtain Section 8 vouchers for qualified tenants of the Waldorf not be successful, the Convention Center agrees to provide payments, which may be in the form of rental assistance payments required by WAC Title 468, but shall be in addition to the payment under Paragraph 4.8a below, to assure, at least through June 30, 1999, that the qualified tenants of the Waldorf shall not be obligated to individually pay higher rent, in the the Waldorf after acquisition by the Convention Center or in Replacement Housing, than they would pay if the Section 8 subsidy were available.

4.4 Unit Mix.

The Replacement Housing should have a unit mix consistent with the following unit-mix ratios of the Apartments: East Option, 43% studio units, 37% one-bedroom units, and 20% two-bedroom units; North Option, 28% studio units and 72% one-bedroom units. If appropriate to better meet prospective tenant needs the Convention Center may include more one-bedroom units and fewer studio units in the Replacement Housing; however, there shall be no reduction in the percentage of two-bedroom units set forth above for the East Option, and there shall be no increase in the percentage of studio units in either option.

4.5 Average Unit Sizes.

The average unit size (in square feet) of Replacement Housing shall be consistent with the recommendations included in the housing mitigation provisions of the Environmental Impact Statement for the Expansion Project. This requirement is in addition to the requirements of Paragraph 4.4 above.

4.6 Replacement Housing Construction and Occupancy Schedule

Replacement Housing units sufficient to replace the Occupied Units occupied by Low-Income Tenants shall be constructed and/or rehabilitated and available for occupancy prior to demolition of the Apartments. No later than 30 days after the Board of Directors of the Convention Center selects an Expansion Option, the Convention Center shall survey tenants to establish the number of Occupied Units occupied by Low-Income Tenants. The Replacement Housing units sufficient to replace the remaining units which the Convention Center agrees to replace pursuant to Paragraph 4.1 above, shall be under contract for replacement prior to demolition and be constructed and/or rehabilitated and available for occupancy within four (4) years from the date the first units in the Apartments are demolished.

4.7 Replacement Housing Sites.

Replacement Housing should, if feasible, be located within a two-thirds mile radius of the Convention Center. Preference shall be given, if feasible, to potential sites within a 1/4 mile radius of the Convention Center and sites which are consistent with the City's Low-Income Housing dispersion ratios. Other sites within Downtown Zones as defined in SMC ch. 23.49 or within the boundaries of the Capitol Hill or First Hill urban villages, as defined in the City's Comprehensive Plan or the South Lake Union Planning Area, also may be selected by the Convention Center for Replacement Housing. If any Replacement Housing project requires a waiver from dispersion requirement as defined by the City's Consolidated Plan for Housing and Community Development, in recognition of the critical timeframe for the replacement housing imposed by Paragraph 4.6, DHHS will issue its decision on such waiver-request within 30 days.

4.8 Tenant Relocation Assistance.

- a. The parties recognize that the WSCTC will be obligated to make relocation assistance payments to persons displaced for the Expansion Project pursuant to the the State Relocation Assistance – Real Property Acquisition Act, RCW ch. 8.26, and that the City's Tenant Relocation Assistance Ordinance, SMC ch. 22.210, does not apply to displacements where tenants are entitled to payments under State law. In any event, the WSCTC agrees to make a minimum relocation assistance payment of \$2142 for each unit, occupied in an Apartment on the date when the Convention Center delivers an initial written offer to purchase the Apartment for the Expansion Project. The City and the Convention Center recognize that the amount of this relocation payment exceeds the amount of relocation payments provided for in the City relocation ordinance, SMC chapter 22.210, and that under the City ordinance not all displaced tenants are entitled to relocation payments. Except as provided in Paragraph 4.3d, such payments by the Convention Center are intended to offset any obligation the Convention Center might have under any other law.
- b. The Convention Center will provide technical assistance for relocation to tenants who are either ineligible for or choose not to accept the Replacement Housing.

4.9 Use of Apartments after Acquisition by Convention Center.

- a. Following acquisition of an Apartment by the Convention Center, the Convention Center shall make every reasonable effort to ensure that housing units in the Apartments are occupied by tenants until a notice to vacate prior to demolition is issued. Rents for Low-Income Tenants shall not be increased after the Convention Center acquires any Apartment, except that after owning an Apartment for at least one year, the Convention Center may increase the rent of the Apartment in a percentage not to exceed the percentage increase in Median Income for the Seattle-Everett Standard Metropolitan Statistical Area since the Convention Center acquired the Apartment.

- b. After the Convention Center issues a notice to vacate units in the Apartments or is otherwise responsible for paying tenant relocation assistance pursuant to Paragraph 4.8 above, units shall not be re-rented for permanent occupancy but may be leased to tenants for short-term rental, or may be leased for up to one year to a non-profit organization for use as temporary emergency shelter space. The Convention Center shall ensure that any new tenant who rents a Unit after the Convention Center agrees to acquire an Apartment receives, and acknowledges in writing, a written notice of the intended demolition and the fact that the tenant will not be eligible for relocation assistance. If any such tenant does not receive such written notice prior to entering into a rental agreement, then the Convention Center shall provide the relocation payment required by Paragraph 4.8 to such tenant, whether or not a payment was made to the previous tenant of the same unit.
- c. Except as set forth in subsection b. of this Paragraph, in no event shall the Convention Center be obligated under this Agreement to make more than one relocation assistance payment per unit.

4.10 Selection of Housing Providers.

Based on a request-for-qualifications process, the Convention Center selected the following non-profit housing provider organizations for siting, construction or rehabilitation, and tenant relocation services: Housing Resources Group - Seattle, Capital Hill Housing Improvement Program, and Plymouth Housing Group.

4.11 Term of Replacement Housing Affordability.

Low-Income Replacement Housing shall remain affordable at the levels specified in Paragraph 4.3, above, for at least thirty (30) years. During the term of affordability each unit of Replacement Housing shall be rented solely to households with incomes, at the time of initial occupancy, no greater than the percentage of Median Income for which the unit is required to be affordable; however, if a unit remains available for thirty days, notwithstanding diligent efforts to market such unit for a minimum of thirty days to households with incomes at the level indicated in Paragraph 4.3(a), the unit may be rented to any Low-Income Tenant, provided that the rental level remains based at the percentage of Median Income for which the unit is required to be affordable. Each Replacement Housing project shall be subject to a recorded covenant enforceable by the Convention Center and the tenants against the owner of the housing project and its successors that limits rents and occupancy for at least 30 years consistent with Paragraph 4.3.

4.12 Women and Minority Business Enterprise .

Women and Minority Business Enterprise goals shall be established by the Convention Center for the overall expansion effort; there is no requirement imposed by this agreement that Minority and Women's Business Enterprise goals be established specifically for the construction of Replacement Housing.

4.13 Replacement Housing Advisory Committee.

The Convention Center may establish a Replacement Housing Advisory Committee to work collaboratively with the Convention Center on the planning and design of Replacement Housing.

4.14 Housing Bonus/Transfer of Development Rights

The City agrees that Replacement Housing may also qualify for Housing Bonus and Low-Income Housing Transferable Development Rights provision of SMC Chapter 23.49, subject to the provisions of DCLU Director's Rule 20-93 or its successor. Replacement Housing shall be subject to subsidy review and the Convention Center funding shall be considered a public subsidy for purposes of the Public Benefit Features Rule.

5. CITY FINANCIAL CONTRIBUTION

- 5.1 Subject to conditions and in accordance with procedures stated in Paragraph 5.2, the City shall cause public funds in the amount of \$7,500,000 to be contributed to the Convention Center for the Expansion Project.
- 5.2 In the event that the Board of Directors of the Convention Center selects an Expansion Option and determines that the option is financially feasible based on estimated costs of the Expansion Project and committed funding sources, including necessary contributions from third parties:
 - (a) The Convention Center shall notify the City of the Expansion Option selected by delivering to the Mayor of the City a copy of a resolution of the Board of Directors of the Convention Center selecting an Expansion Option, determining that the option selected is financially feasible, confirming the acceptance by the Convention Center of one or more irrevocable commitments by third parties to contribute at least \$7,500,000 to the Expansion Project, in addition to the City contribution, and making an unqualified commitment by the Convention Center that the financial commitment in this MOA shall be the entire financial commitment that will be requested of the City for the Expansion Project. The Convention Center shall provide to the City with the resolution a project budget which, in the sole judgment of the Board of Directors of the Convention Center, shows that the project is financially feasible based on estimated project costs and available funding sources. The copy of the resolution shall be certified by the Secretary of the Board of Directors of the Convention Center as a true and correct copy of a resolution of the board.

- (b) If the Convention Center meets the conditions of Paragraph 5.2(a) above, and if the Convention Center certifies to the City that the Convention Center has awarded one or more contracts for the replacement of all Occupied Low-income Units pursuant to Paragraph 4.6, above, then at the Convention Center's request, the City, within 90 days of the request, shall pay \$2,250,000 to the Convention Center. Each such contract shall specify the total subsidy and the number of units for which the Housing Provider is responsible, and shall require that the Replacement Housing be subject to a recorded covenant enforceable by the Convention Center and the tenants against the owner of the housing project and its successors that limits rents and occupancy for at least 30 years consistent with this the provisions of Section 4 of this Agreement. The City shall pay the remainder of its \$7,500,000 commitment to the Convention Center within 90 days of receipt of a copy of a notice to proceed given to the General Contractor for the construction of the Expansion Project.
- (c) If the conditions for payment of all funds to the Convention Center are not satisfied by December 31, 2002, then the Convention Center shall have no further right to receive such funds.

6. IRREVOCABLE COMMITMENTS AND OFFERS

The commitment of the City to make payments pursuant to Paragraphs 5.1 and 5.2(b), above and the commitments to fix and impose the Hotel Sales Tax, as provided in Section 3, above, and to grant the Convention Center a 30-year lease to manage and operate the Freeway Park Garage, as provided in Section 7 below, shall constitute irrevocable offers and commitments of the City beginning on the date when an ordinance authorizing the City to execute this agreement becomes effective. The offers and commitments of the City specified in the previous sentence shall not be conditioned on the selection by the Board of Directors of the Convention Center of a particular expansion site, and said offers and commitments shall remain open for acceptance by the Board of Directors of the Convention Center for an eighteen-month period following the execution of this agreement by the City of Seattle. Such offers and commitments shall be deemed to be accepted on the date when the Board of Directors of the Convention Center delivers to the Mayor of the City a resolution confirming that the Convention Center has completed all of the following actions: approved this Agreement; selected an Expansion Option; and accepted irrevocable commitments of funding from third parties to contribute at least \$7,500,000 to the Expansion Project; and determined that the selected Expansion Option is financially feasible based on estimated project costs and available funding sources; and provided an unqualified commitment by the Convention Center that the financial commitments in this MOA shall be the entire financial commitment that will be requested of the City for the Expansion Project. The acceptance of the City's offers and commitments is not valid unless the Convention Center's acceptance includes the contractual commitment, as part of this Agreement, to commence and complete the Expansion Project.

7. FREEWAY PARK GARAGE

- 7.1 The City hereby agrees to grant to the Convention Center a 30 year lease to manage and operate the Freeway Park Garage ("the Garage"), within 30 days after the delivery of the Resolution of the Board of Directors as specified in Paragraph 5.2(a). Subject to the terms and conditions of Paragraph 7.2 below, the lease shall authorize the Convention Center to retain operating revenues from the operation of the Garage for the term of the lease, and shall provide for a 30 year renewal option. The Convention Center shall be entitled to set rates and hours of operation of the Garage. Detailed provisions concerning the lease and operation of the Garage by the Convention Center shall be contained in the lease between the parties, which shall supersede this Section 7 of this Agreement. The Lease shall be a written lease ("Lease") substantially in the form attached as Exhibit D and include terms to terminate the lease should the Convention Center cease to be used primarily for public convention purposes, should title to the Convention Center be conveyed other than for purposes of providing and realizing upon security for the financing of the Expansion Project, or should the Convention Center fail to meet its obligations under this section of this Agreement. Nothing in this Agreement shall be construed to prevent the Convention Center from assigning the leasehold interest in the Garage to a trustee for the benefit of holders of Certificates of Participation in payments to be made pursuant to the Financing Contract or to a trustee in the event of a default in payments pursuant to the Financing Contract used to finance the Expansion Project. The City shall reserve a right of access to inspect and for purposes necessary to the operation of the Park located above the Garage, including, at no cost to the City, reservation of 4 parking spaces for the exclusive use by Seattle Parks Department vehicles and exclusive use, without charge, of storage areas customarily occupied by the Seattle Parks Department. In recognition of this Agreement to lease the Garage to the Convention Center, the Department of Administrative Services may negotiate an agreement for the Convention Center to manage the operations of the Garage prior to the execution of the Lease, on a mutually agreeable basis of sharing the receipts from the Garage.
- 7.2 The Convention Center shall make payments from the Gross Receipts of the Garage to the City equal to the City's principal and interest payments on the debt service for the Garage, with payments due 45 days prior to the date when debt service is due, as set forth in Exhibit B attached hereto and incorporated herein by this reference. The existing City debt service on the Garage shall remain a first lien and charge on the Gross Receipts of the Garage. The Convention Center may assume control of the Garage under the terms of the Lease thirty days following the delivery to the Mayor of the resolution described in Paragraph 5.2(a) above and execution of the Lease. After execution of the Lease, the Convention Center shall have the right to retain all operating revenues from the Garage, after paying the debt service as set forth in Exhibit B, except for any deposits to a reserve account required by Paragraph 7.3 below. The Convention Center shall have an option to renew the lease for an additional thirty years, subject to the conditions contained in the Lease, which shall include, at a minimum, that the terms of this Section are met during the Lease term and the expanded Convention Center remains in operation at the date that the Convention Center exercises its option in the Lease to renew. If the Convention Center fails to make the Expansion Project operational by December 31, 2002, the compensation to the City under the terms of the lease shall be 20% of the Gross Receipts plus debt

service. If the Expansion Project subsequently becomes operational, the compensation to the City shall revert to payments equal to the City debt service for the Garage. The City may, at its sole discretion and provided the Expansion Project is still not operational, terminate the lease at any time once the Convention Center obligations under the Financing Contract cease to be outstanding.

- 7.3 The City shall establish a reserve account, which may at the City's option be in the City Treasury, for the purposes described in Paragraph 7.4 below. The reserve shall be funded by the Convention Center by, at the election of the Convention Center:
- a. Paying to the City for deposit in the account \$500,000 from the sale of instruments for financing the Expansion Project; or,
 - b. Paying to the City for deposit in the account 10% of any annual Net Operating Revenue above the projections in Exhibit C, up to \$20,000 per year, until the account balance including interest on invested account funds reaches \$500,000.

After the reserve account balance reaches \$500,000, payments to the City for deposit to the account pursuant to Paragraph 7.3(b) above shall be made annually by the Convention Center to the extent necessary, after payments from the account, to restore the balance to \$500,000.

- 7.4 The reserve account established in Paragraph 7.3 shall be used for structural repair purposes and the City may draw upon the account, for payment of structural repair obligations of either the City or the Convention Center, as delineated in Paragraph 7.5, subject to the concurrence of the other party, during the life of the Lease. Any funds remaining in the reserve account at the termination of the lease and any extension thereto, shall become the sole property of the City.
- 7.5 The City will be responsible for maintenance and repair of all supporting structures of the Garage providing subjacent and lateral support for properties adjoining the Garage. The Convention Center will be responsible for cleaning and all other maintenance and repair of the Garage, including the foundation, columns, girders, beams, supports, slabs, walls, floors, stairs, and driveways.

- 7.6 The City will bear the risk of loss of the complete or partial destruction or condemnation of the Garage, with no obligation to compensate the Convention Center for any loss of income under its lease. The Convention Center will not be liable for any loss, damage, or destruction of the Garage, except loss, damage, or destruction caused directly by the waste, or willful or negligent action of the Convention Center or failure of the Convention Center to perform its obligations under this Section 7. The City shall not be obligated to restore the functionality of the Garage in event of loss, damage or destruction. The Lease shall include terms to indemnify the City regarding personal injury and property damage arising out of the Convention Center's operation of the Garage or for any environmental hazards caused during the term of the lease. The lease shall specify that the Convention Center shall not store hazardous materials in the Garage and shall notify the City immediately of any release of hazardous materials.
- 7.7 With the prior written approval of the City, the Convention Center, at its sole cost, shall have the right to make major modifications to the Garage, including but not limited to one or more interior vehicular and/or pedestrian connections to the Convention Center parking garage, and shall be allowed to integrate the Garage operations with the Convention Center parking garage and operate the two garages as a single facility. The agreement to allow this modification must specify how the Gross Receipts and Net Operating Revenue of the Garage, for the purposes specified in Paragraphs 7.2 and 7.3, above, shall be determined in the integrated operation.
- 7.8 The Convention Center shall offer positions of employment, under the personnel rules of the Convention Center, within the Garage, to the permanent City staff who are currently employed in the Garage, up to the total hours of additional staffing that the Convention Center requires to operate the expanded garage.

8. PERMITTING AND VACATION PROCESS

- 8.1 To facilitate coordination and cooperation between the City and the Convention Center in connection with the Expansion Project under either option, the City and the Convention Center will each name a designated project liaison. The City's designated representative will act as the project liaison with the DCLU, DHHS, Engineering and with all other concerned City departments. The designated City representative will facilitate expedited project review through the DCLU, DHHS, Engineering and all other concerned City departments consistent with the City's prioritization of significant economic development and affordable housing projects and will attend meetings of the Convention Center Design Committee during the period of design and construction of the Expansion Project. The substantive authority for decisions shall remain as designated by applicable laws and City ordinances and shall not be assumed by the designated representative.
- 8.2 The City hereby agrees to expedite its activities in connection with the Expansion Project and Replacement Housing, including the scheduling for consideration and decision making concerning issuance of permits and the vacation and other use of streets, alleys and air rights.

- 8.3 The City and the Convention Center agree, pursuant to SMC Sections 15.62.030 and .090, that the Convention Center as an agency of the state is exempt from payment of any portion of the appraised value of the area to be vacated (if any street vacation is granted), but the Convention Center shall pay to the City all costs incurred by the City in processing the vacation request. The City and the Convention Center also agree that the Task Force Recommendations for the City contribution for the East Site were based upon an estimated payment to the City for any vacated right-of-way, and in order for the City contribution to remain consistent with the Task Force's recommendation, the Convention Center, if it expands on the East Site, shall pay the City an amount equal to the estimated value of any vacated right-of-way, as determined in the Task Force Recommendations, no later than the effective date of the ordinance granting the vacation.
- 8.4 The City recognizes that the Convention Center, through amendments to the contract rezone of its property and the related Property Use and Development Agreement ("PUDA") under Ordinances 115663, 116743, 117006, and 117095, through its contribution to low-income housing at the Eagles Building qualifying for housing bonus, and through its receipt of transferable development rights (TDRs) from the Eagles Building under the Low-Income Housing / Landmark Performing Arts Theater TDR provisions of the Land Use Code, currently has development rights in the amount of 705,000 square feet on the current convention center site. The City further recognizes that the purpose of the acquisition of these development rights was to develop a major hotel development to support the convention center program. The North Option would relocate the hotel development from the current site to the North Site as part of the Expansion Project, with reduced development on the current site. The Convention Center might propose to amend the PUDA and the related contract rezone to reduce the potential development on the existing site, and might propose to use some or all of the housing bonus generated by its contribution to the Eagles project, together with some or all of the transferable development rights from the Eagles site, on the North Site, subject to applicable provisions of the Land Use Code and Public Benefit Features Rule. In approving this agreement by ordinance, the City Council expresses its judgment, pursuant to SMC 23.76.058, that such proposed amendments would be within the spirit and general purpose of, and would not represent a major departure from, the terms of the existing contract rezone and PUDA. The City Council does not, however, express any judgment on the merits of any such proposed amendment, which the Council would consider after written notice and an opportunity to comment is provided pursuant to SMC 23.76.058.
- 8.5 The Convention Center and the City agree that the North Expansion Option shall include at a minimum, in addition to the exhibit hall located 4 stories above grade and the necessary supporting structure and exit facilities, a complete podium structure of mixed-use appropriate to the zoning of the site, such as hotel, office, retail and parking. Significant retail frontage, or other similar pedestrian oriented use on Pike Street, Pine Street, and 7th Avenue developed coincident to the construction of the new exhibit hall, shall be a minimum, but not necessarily sufficient, condition for City approval of any aerial vacation of City streets.

- 8.6 The Convention Center is the lead agency for the development and publication an Environmental Impact Statement (EIS) for the Expansion Project proposal. The EIS will address impacts and mitigation measures for a range of alternatives including: 1) an east expansion alternative; 2) a north expansion alternative, and 3) a no action alternative. The parties hereto have determined that this Agreement is categorically exempt from SEPA under WAC 197-11-800(15) and (16) since it provides for taxation issues as well as interagency financial assistance. The Agreement may proceed prior to the EIS completion under WAC 197-11-070 since this Agreement does not itself result in any environmental impacts, and does not limit the choice of reasonable alternatives. The Agreement is necessary to make the proposal sufficiently definite to allow meaningful environmental review, under WAC 197-11-055(2)(a)(ii). Nothing in this Agreement shall be construed to foreclose the Convention Center's selection of any alternative, nor shall it be construed to prejudice the outcome of any permits or approvals requested from the City.

9. GENERAL PROVISIONS

9.1 Amendment.

The provisions of this Agreement, other than the irrevocable commitments specified in Section 6 above, may be amended at any time by written amendment-executed by City and the Convention Center or by the provisions of Paragraph 9.7 below; provided, to the extent allowable by law, that the commitments and offers specified in Section 6 above, if accepted in a timely manner in accordance with this Agreement, shall continue in full force and effect so long as any payment obligations of the Convention Center under the Financing Contract for financing the Expansion Project remain outstanding.

9.2 Choice of Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Washington.

9.3 Captions.

The Section captions used in this Agreement are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

9.4 Genders.

The use of any gender herein shall be deemed to include the other gender, and the use of the singular herein shall be deemed to include the plural and vice versa, wherever appropriate.

9.5 Attorney's Fees.

If legal action, other than arbitration as provided in Paragraph 9.8 below, is commenced involving any provision of this Agreement, reasonable attorneys' fees and costs shall be awarded to the substantially prevailing party.

9.6 Entire Agreement

This Agreement contains the entire Agreement of the parties hereto with respect to the subject matter hereof, and supersedes all previous agreements, written or oral, between the parties hereto with respect to the subject matter hereof.

9.7 Severability.

The invalidity of any clause, part or provision of this Agreement shall not affect the validity of all remaining portions thereof that are severable from the invalid clause, part or provision.

9.8 Arbitration.

All disputes relating to the interpretation, application, violation or enforcement of this Agreement shall be arbitrated by a panel of three arbitrators; except that the irrevocable commitments specified in Section 6 above, provisions of the Lease executed under Section 7, amendments pursuant to Paragraph 9.1, and actions for specific performance pursuant to Paragraph 9.9 shall not be subject to arbitration.

Either party may initiate arbitration by sending written notice to the other.

In the event an arbitration is initiated by either party, each party has fifteen (15) days from the date of receipt of written notice, to provide to the other party in writing, a list of six persons qualified to serve as arbitrators with no affiliation or relationship with either party that would tend to affect the person's ability to act as a neutral arbitrator, and acceptable to that party.

The City and Convention Center shall mutually select three arbitrators from the lists within five (5) days after the exchange of proposed arbitrators information. If the City and Convention Center are unable to agree upon these arbitrators within the time specified herein, then the arbitrators shall be appointed by the Presiding Judge of the King County Superior Court.

After the arbitrators have been selected, they shall take an oath to serve as neutral and impartial parties. The arbitrators shall then schedule such discovery or other exchange of documents and information as is appropriate to the issue and a date, time and place for hearing the presentations of the City and the Convention Center. The hearing shall occur not less than one hundred (100) days after the appointment of the arbitrators except for good cause shown. The arbitrators shall make a written report to the City and the Convention Center on their final determination within thirty (30) days after completion of the hearing. The determination of the arbitrators shall constitute a final arbitration determination.

The arbitration shall be conducted in Seattle, Washington, in accordance with the then-existing rules of the American Arbitration Association (AAA), except where inconsistent with this Agreement, but not under the auspices or control of the AAA unless the parties so agree. Judgment upon any award by the arbitrators may be entered by the state or federal court having jurisdiction.

The cost of the arbitration shall be divided equally between the City and the Convention Center. Each party shall be responsible for its own costs.

9.9 Termination.

In the event of a material breach of this Agreement by the Convention Center, the City may, without limitation, exercise all rights and remedies provided for herein or otherwise available under the law, including termination of the Agreement, except that the commitments and offers specified in Section 6 above, if accepted in a timely manner in accordance with this Agreement, shall continue in full force and effect so long as any payment obligations of the Convention Center under the Financing Contract for financing the Expansion Project remain outstanding. The Lease executed under Section 7, above, shall be governed by the termination provisions of the Lease.

Without additional limitation, the following shall constitute material breaches of this Agreement:

Failure to meet the obligation of constructing Replacement Housing for Occupied Low-Income units prior to the demolition of the Apartments as established in Paragraph 4.6;

Failure to open the Expansion Project facilities of the Convention Center by December 31, 2002, unless extended by mutual agreement of the City and the Convention Center;

Failure to provide tenant relocation assistance as required by Paragraph 4.8;

In the event the City intends to terminate this Agreement pursuant to the previous subsection, the City shall provide a written notice to cure, identifying the nature of the breach with reasonable specificity, and advising the Convention Center of the City's intent to terminate the Agreement. All further actions shall conform to the following procedures:

The Convention Center shall, within thirty (30) days after receipt of such notice or such longer period of time as the City may specify in such notice, either cure such alleged failure or, in a written response to the City, either present facts and arguments in refutation or excuse of such alleged failure or state that such alleged failure will be cured and set forth the method and time schedule for accomplishing such cure.

The City shall determine (i) whether a failure to comply with a material provision has occurred; (ii) whether such failure is excusable; and (iii) whether such failure has been cured or will be cured by the Convention Center. The Convention Center shall make available to the City, if requested, any records, documents or other information necessary to make the determination.

If the City determines that a failure to comply with a material provision has occurred and that such failure is not excusable and has not been or will not be cured by the Convention Center in a manner and in accordance with a schedule reasonably satisfactory to the City, then the Mayor shall so notify the City Council in a written report which may recommend action to be taken by the City Council. The City shall provide notice and a copy of such report to the Convention Center. In the event that the City determines that such failure has not occurred, or that such failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the City, or that such failure is excusable, such determination shall conclude the investigation.

Any termination of this Agreement shall be by ordinance adopted by the City Council; provided, however, before any such ordinance is adopted, the Convention Center must be given at least thirty (30) days advance written notice, which notice shall set forth the causes and reasons for the proposed termination and cancellation, shall advise the Convention Center that it will be provided an opportunity to be heard by the City Council regarding such proposed action before any such action is taken, and shall set forth the time, date, and place of the hearing.

The enumeration of material Agreement provisions set forth in this Section is not exhaustive and shall not be invoked under any guideline for contract interpretation to narrow the scope of other material terms, violation of which would be a material breach of this Agreement.

9.10 Non-Waiver.

Neither party here to shall be relieved of its obligations to comply, promptly and completely, with any provision of the Agreement by reason of any failure of the other party to promptly enforce compliance with this Agreement, nor does the other party waive or limit any of its rights under this Agreement by reason of such failure or neglect.

9.11 Force Majeure.

Each of the Parties to this Agreement shall have no liability to the other party, nor shall the City have the right to terminate this Agreement, as a result of any failure or delay of the first party ("Defaulting Party") to perform its obligations hereunder if such failure or delay is caused by factors beyond the control of the Defaulting Party, including without limitation, war, civil disturbance, flood or other Act of God, laws, regulations, sabotage, strikes, failure or delay in transportation, labor, or the unavailability of any product or material necessary to the performance hereof, provided that the Defaulting Party has exercised all due care to prevent the occurrence of such events which are reasonably foreseeable, including without limitation, actively pursuing alternative products, materials, and means of transportation. In the event that delay in performance or failure to perform affects only part of the Defaulting Party's capacity to perform, then the Defaulting Party shall perform to the extent it is reasonably able to do so. In correcting any causes of nonperformance or delay, and in effecting any partial performance, the Defaulting Party shall take all necessary corrective actions as expeditiously as possible.

9.12 ASSIGNMENT.

The Parties may not assign their rights, interests, obligations and duties under this Agreement, except that the Convention Center may assign for the benefits of holders of instruments issued to finance the Expansion Project its rights, interest, and obligations, including the right to enforce the imposition of the Hotel Sales Tax pursuant to Section 3 above, its right to receive the City financial contribution pursuant to Section 5 above, and its rights with respect to the Freeway Park Garage pursuant to Section 7 above.

9.13 Notice.

Any notice provided for under this Agreement shall be sufficient if in writing and delivered personally to the following addressee or deposited in the United States mail, postage prepaid, certified mail, return receipt requested, addressed as follows, or to such other address as the receiving party specifies in writing:

If to the City: Mayor
City of Seattle
12th Floor
Municipal Building
600 Fourth Avenue
Seattle, Washington 98104

If to the Convention Center: President
Washington State Convention and Trade Center
800 Convention Place
Seattle, Washington 98101

10. EXHIBITS

- Exhibit A: Schedule of Debt Service on Freeway Park Garage
- Exhibit B: Projected net revenue from Freeway Park Garage
- Exhibit C: Draft Lease for Freeway Park Garage

EXECUTED the dates shown below..

THE CITY OF SEATTLE

By:

Norman Blue

Date:

10/7/96

THE WASHINGTON STATE CONVENTION AND TRADE CENTER

By:

James R. Ellis

Date:

WASHINGTON STATE CONVENTION AND TRADE CENTER
ACKNOWLEDGMENT

STATE OF WASHINGTON

ss.

COUNTY OF KING

On this 8th day of October, 1996, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared James R. Ellis, to me personally known (or proven on the basis of satisfactory evidence) to be the chairman of the Washington State Convention and Trade Center, a Washington public non-profit corporation, the corporation that executed the within and foregoing instrument and acknowledged 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 he/she was authorized to execute said instrument.

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

Print Name:

Cheryl Fountain
Cheryl Fountain

(seal or stamp)

NOTARY PUBLIC in and for the State of
Washington residing at Woodinville, WA
My Commission expires: 10-19-1996

CITY OF SEATTLE ACKNOWLEDGMENT

STATE OF WASHINGTON

SS.

COUNTY OF KING

On this 7 day of October, 1996, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared N. Rice, to me personally known (or proven on the basis of satisfactory evidence) to be the Mayor of the City of Seattle, the municipal corporation that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

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

Print Name: S. Mulvihill

NOTARY PUBLIC in and for the State of
Washington residing at Seattle
My Commission expires: 5/12/99

(seal or stamp)



EXHIBIT A

Debt Service Schedule for Freeway Park Garage

Date	Payments Principal	Payments Interest	Total Payment Due	Bonds Due Numbers	Balance
8/1/1996	\$180,000.00	\$39,400.00	\$219,400.00	415-450	\$1,300,000.00
2/1/1997		\$34,360.00	\$34,360.00		\$1,300,000.00
8/1/1997	\$190,000.00	\$34,360.00	\$224,360.00	451-488	\$1,110,000.00
2/1/1998		\$29,040.00	\$29,040.00		\$1,110,000.00
8/1/1998	\$200,000.00	\$29,040.00	\$229,040.00	489-528	\$910,000.00
2/1/1999		\$23,440.00	\$23,440.00		\$910,000.00
8/1/1999	\$210,000.00	\$23,440.00	\$233,440.00	529-570	\$700,000.00
2/1/2000		\$17,560.00	\$17,560.00		\$700,000.00
8/1/2000	\$220,000.00	\$17,560.00	\$237,560.00	571-614	\$480,000.00
2/1/2001		\$11,400.00	\$11,400.00		\$480,000.00
8/1/2001	\$235,000.00	\$11,400.00	\$246,400.00	615-661	\$245,000.00
2/1/2002		\$5818.75	\$5818.75		\$245,000.00
8/1/2002	\$245,000.00	\$5818.75	\$250,818.75	662-710	.00

Exhibit B

Freeway Park Garage Net Income

1997	52,000
1998	54,080
1999	56,243
2000	58,493
2001	60,833
2002	63,268
2003	350,000
2004	364,000
2005	378,560
2006	393,702
2007	409,450
2008	425,829
2009	442,862
2010	460,578
2011	478,999
2012	498,159
2013	518,085
2014	538,809
2015	560,361
2016	582,776
2017	606,087
2018	630,330
2019	655,543
2020	681,765

**LEASE AGREEMENT
SPECIAL TERMS AND CONDITIONS**

I. PARTIES: THIS LEASE AGREEMENT is entered into by and between THE CITY OF SEATTLE, a municipal corporation of the State of Washington, as Lessor (hereinafter referred to as the "City"), and the Washington State Convention and Trade Center, a Washington public non-profit corporation chartered pursuant to RCW _67.40.020 (hereinafter referred to as "Lessee").

II. PREMISES: Subject to the terms and conditions set forth herein, the City hereby leases to the Lessee and the Lessee hereby leases from the City that structure commonly known as Freeway Park Garage, 1300 Hubbell Place, Seattle Washington, so depicted upon the map attached hereto as Exhibit A, and located upon that property legally described as follows:

Denny's Broadway Add portion of lot 1 Block 105 lying southerly of line defined as follows:

Beginning at southeasterly corner of said lot 1 then North 30-35-30 West 0.65 feet to true point of beginning then South 59-17-45 West 112.23 feet then North 30-42-15 West 0.35 feet then South 59-17-45 West 1.92 feet then South 30-42-15 East .035 feet then South 59-17-45 West to westerly line of said Lot 1 and terminus described line

Provided, however, that this lease shall not apply to that portion of the structure used for park purposes as of December 31, 1995. (Such property shall be referred to in this Lease as the "Premises").

III. USE/PURPOSE: The Premises may be used only for the following use and purpose: General purpose parking garage.

IV. TERM: The term of this Lease begins January 1, 1997 and terminates on December 31, 2026 unless it is terminated earlier pursuant to the provisions hereof.

V. RENT: In consideration of this Lease and subject to Paragraph (IX.), infra, the Lessee shall pay to the City as Base Rent the following yearly sum: one dollar per year (\$1.00). Base Rent shall be paid in advance, on or before the tenth day of January each year. Lessee shall pay to the City as Additional Rent, in accordance with the terms and conditions set forth in Paragraph IX, the City Garage Debt.

VI. LEASEHOLD EXCISE TAX: In addition to the Base Rent, the Lessee shall pay to the City the applicable Leasehold Excise Tax which, as of the commencement date, is zero dollars (\$0), but is subject to change.

VII. INSURANCE: The Lessee, at no expense to the City, shall secure and maintain during the full term of this Lease, one or more policies of general comprehensive liability insurance that fully protect the City from any and all claims and risks in connection with the Lessee's occupation of, or activities upon, the Premises, under which policies the following aggregate amounts of coverage shall be provided:

Commercial General Liability, including Garage Liability. A policy of commercial general liability insurance, written on an occurrence form, including all the usual coverages known as:

- premises/operations liability
- products/completed operations
- medical payments
- contractual liability
- broadened coverage-garages (CA25 14)
- employers liability (Stop Gap)

Minimum limits of liability: Bodily Injury and Property Damage \$2,000,000 per occurrence/ \$4,000,000 annual aggregate/per location aggregate.

Commercial Automobile Liability. A policy of Commercial Automobile Liability, including coverage for owned, non-owned, leased or hired vehicles.

Minimum limits of liability: Bodily Injury and Property Damage \$2,000,000 per accident/occurrence.

Garagekeepers Legal Liability (GKLL). Coverage for autos of others in the insured's care, custody, control, or possession. Maximum deductible \$500 per occurrence, for the following minimum coverages:

Comprehensive	\$2,000,000
Collision	\$2,000,000

Crime - Blanket Employee Dishonesty. Coverage A, CR 00 02)

\$100,000 per loss

\$500 maximum deductible any one loss

Property Insurance - Commercial Property. All Risk, replacement cost at 100% of building value, including:

Earthquake and Flood

Tenants Improvements and Betterments

Business Income and Extra Expense Coverage including Rental Value

Self Insurance: Should Lessee be self-insured, a letter from the Corporate Risk Manager, or appropriate Finance Officer, is acceptable, stipulating if actuarially funded and fund limits, and including any excess declaration pages to meet the contract requirements. Further, this letter should advise how Lessee would protect and defend the City of Seattle as an Additional Insured in its Self-Insured layer, and describe claims handling procedures in the event of a claim.

The above policies shall include the following provisions:

"The City of Seattle is an additional insured for all coverages provided by this policy of insurance and shall be fully and completely protected by this policy and for any and every injury, death, damage, and loss of any sort sustained by any person, organization, or corporation in connection with any act or omission of the Lessee under a Lease between The City of Seattle and the Washington State Convention and Trade Center.

"The coverages provided by this policy to the City or any other named insured shall not be terminated, reduced or otherwise changed in any respect without providing at least thirty (30) days' prior written notice to The City of Seattle, Attention: Director of Administrative Services, 618 Second Avenue, Seattle, Washington 98104, or to such other address as may be specified in writing by the City."

VIII. OTHER SPECIAL CONDITIONS:

A After payment of all rent, and subject to the provisions of subparagraph (7) hereof, the Lessee shall retain all Gross Receipts from the operation of the Garage for the term of the Lease.

B At its option, the Lessee may renew the Lease for a thirty year period provided all terms of this Lease are met and the expanded Convention Center is operational by December 31, 2002, and remains in operation at the end of the thirty year initial term. This option must be exercised in writing to the Director of the Department of Administrative Services or the director of any successor department, one hundred and eighty days before the expiration date of the lease.

C. The Lessee shall be entitled to set rates and hours of operation of the Garage.

D. The City hereby reserves a right of access to inspect and for purposes necessary or incidental to the operation of the park located above the Garage. At all times during the course of this lease, the City shall have the exclusive use, without charge, of four parking spaces. Lessee shall clearly mark such spaces as being for the exclusive use of Seattle Parks Department vehicles. The City shall also have exclusive use, without charge, of 300 square feet of storage area in the utility room on the park level.

E. The Lessee shall make payments to the City equal to the City's principal and interest payments on the debt service for the Garage, ("City Garage Debt"), with payments due forty-five days prior to the date when debt service must be paid by the City, as set forth in exhibit B attached hereto. The existing City Garage Debt shall be a first lien and charge on the Gross Receipts of the Garage.

F. If Lessee fails to secure a temporary or permanent certificate of occupancy from the City for the expansion of the Convention Center by December 31, 2002, then commencing January 1, 2003, the Base Rent to the City shall increase to 20% of the gross receipts from the operation of the Premises, plus payment of the City Garage Debt for so long as any Certificates of Participation or any other instrument used to finance the Convention Center expansion are outstanding. If the Lessee subsequently obtains a temporary or permanent certificate of occupancy for the expansion of the Convention Center, the Base Rent shall revert as of the date of the certificate of occupancy, to one dollar per year plus City Garage Debt. The City may, at its sole discretion and without recourse by the Convention Center, and provided the expansion is not operational, terminate the Lease at any time once all of the Lessee's lease obligations in which Certificates of Participation have been issued or payment obligations under other instruments used to finance the expansion have been satisfied.

G. Not later than January 31, 1998, the City shall establish a reserve account which may, at the City's option, be in the City Treasury, to be used for structural repair purposes. Such account may be drawn upon by the Lessee or the City, with the concurrence of both parties signified by the signature of a representative of the Lessor and Lessee, for the structural repair obligations of either the City or the Lessee to the Premises. (For the purpose of this lease, structural members are defined as the framing members designed to support gravity loads and resist lateral forces. These members consist of beams, columns and horizontal elements functioning as diaphragms. Structural repair is repair to a beam, column, or horizontal element functioning as a diaphragm, related to its ability to perform in a role of supporting gravity loads or resisting lateral forces.) Any funds remaining in the reserve account at the termination of this Lease and any extensions thereto shall become the sole property of the City. The Lessee shall, within the time limits stated below:

- 1) deposit into the account \$500,000 from the sale of instruments for financing the expansion project within ninety (90) days of the sale of such instruments or, at the election of the Lessee,
- 2) deposit into the account 10% of the annual Net Operating Income above the projections in Exhibit C, up to \$20,000 per year, until the account balance including interest on invested account funds reaches \$500,000. The Director of Administrative Services, with the advice of the Director of the Department of Finance, must approve any investment account into which these funds are deposited. The first annual deposit shall be made within sixty (60)

days of the end of the initial calendar year, and each subsequent payment must be made by March 1 for the previous calendar year.

The Convention Center shall promptly deposit into the account such sums as may be necessary to restore the balance therein to \$500,000 in accordance with 1), above, or until the balance of \$500,000 is reached in accordance with 2), above, after any withdrawal from the account is made.

H. This Lease may be terminated by the City with notice as set forth below, and without recourse by the Lessee if any of the following occurs:

(i) The Washington State Convention and Trade Center or the Expansion Project, ceases to be used primarily for public convention purposes; (ii) title to any portion of the Washington State Convention and Trade Center, including the Expansion Project, is conveyed other than for purposes of providing security for the financing of the Expansion Project; or (iii) the Washington State Convention and Trade Center fails to comply with a material provision of this Lease.

In the event the City intends to terminate this Lease, the City shall provide a written notice to cure, identifying the nature of the alleged basis for termination with reasonable specificity, and advising the Lessee of the City's intent to terminate the Lease. If, at any time when the City intends to terminate this lease, there remain outstanding obligations to re-pay Certificates of Participation or any other payments to be made pursuant to the financing contract used to finance the Expansion Project, and the City has been notified of the identity of a trustee (including any successor trustee) for the benefit of holders of such certificates or other instruments, then, in addition to the Lessee, such trustee shall be entitled to receive notice to cure, and the opportunity to cure or to offer refutation or excuse of the alleged failure, as specified above. All further actions shall conform to the following procedures:

The Convention Center shall, within ten (10) days after receipt of such notice if the breach is a failure to pay City Garage Debt or to maintain required insurance, otherwise, within thirty (30) days after receipt of such notice or such longer period of time as the City may specify in such notice, either cure such alleged failure or, in a written response to the City, present facts and arguments in refutation or excuse of such alleged failure or state that such alleged failure will be cured and set forth the method and time schedule for accomplishing such cure.

The City shall determine (i) whether a failure to comply with a material provision has occurred; (ii) whether such failure is excusable; (iii) whether such failure has been cured or will be cured by the Lessee; and (iv) whether any proposed cure is reasonable. The Lessee shall make available to the City, if requested, any records, documents or other information necessary to make the determination.

If the City determines that a failure to comply with a material provision has occurred and that such failure is not excusable and has not been or will not be cured by the Convention Center in a manner and in accordance with a schedule reasonably satisfactory to the City, the Mayor shall provide notice and findings to the Convention Center.

No termination of the lease pursuant to this section shall be effective sooner than fourteen days after the findings are provided to the Convention Center. In the event that the City determines that such failure has not occurred, or that such failure either has been or will be cured in a manner and in accordance with a schedule reasonably satisfactory to the City, or that such failure is excusable, such determination shall conclude the investigation.

I. The Lessee shall offer positions of employment, under the personnel rules of the Convention Center, within the Garage, to the permanent City staff who are currently employed in the Garage, up to the total hours of additional staffing that the Convention Center requires to operate the expanded garage.

IX.AGREEMENT CONTENTS: This Lease consists of these Special Terms and Conditions as well as the General Terms and Conditions hereto attached. It embodies the entire agreement of the parties hereto and supersedes all other understandings or agreements, written or oral, between the parties relating to the subject matter of this Lease.

X.EFFECTUATION OF AGREEMENT: In order to be effective, this Lease must be (1) signed by an authorized representative of the Lessee and returned to the Director at the address set forth below, accompanied by any required policy of insurance, and (2) signed by the Director pursuant to Ordinance authority.

rev7/26/96

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

CITY OF SEATTLE

**WASHINGTON STATE CONVENTION AND
TRADE CENTER**

By _____
Director of Administrative Services

By _____
(Signature)

(Print or Type Name)

Authorizing Ordinance _____

(Print or Type Title)

City's address for all communications:

Department of Administrative Services
Property Management Section
618 Second Avenue, 14th Floor
Seattle, Washington 98104

Lessee's address for all communications:

ref: FacSys Lease No. 11 (FREE)

July 26, 1996

LEASE AGREEMENT GENERAL TERMS AND CONDITIONS

1. POSSESSION. In the event of the inability of the City to deliver possession of the Premises, or any portion thereof, at the time of the commencement of the term of this Lease, neither the City nor any of its officers, employees or agents shall be liable for any damage caused thereby, nor shall this Lease thereby become void or voidable nor shall the term herein specified be in any way extended, but in such event, the Lessee shall not be liable for any rent until such time as the City can deliver possession.

2. UTILITIES AND SERVICES. Unless otherwise provided in the Special Terms and Conditions of this Lease, the Lessee shall provide, or shall otherwise pay, before delinquency, all costs for providing all utilities and other services on or to the Premises including, where applicable, but not limited to elevator service, electricity, gas, water, telephone, sewer, garbage, solid waste, heating, janitorial, security, and grounds maintenance, and shall also pay all charges for utility installations and modifications thereto occasioned by the Lessee's requirements. The City shall not be liable for any injury, loss or damage caused by or resulting from any interruption or failure of such services to any cause whatsoever except the City's negligence. The Lessee shall not be entitled to an offset, reduction or return of rental as the result of any interruption or failure of said services.

3. LIABILITY.

(a) Indemnification: Notwithstanding any provision of this Lease to the contrary, Lessee shall indemnify, defend, and hold the City harmless from and against any and all claims, demands, judgments, losses and expenses (including reasonable attorney's fees and costs) suffered by any person or entity by reason of or resulting from any act or omission of Lessee or any of its employees or agents in connection with Lessee's use or occupancy of the Premises during the term of this Lease.

(b) Flammable/Hazardous Substances: The Lessee understands and agrees that flammable or Hazardous Substances, including explosives, petroleum products, paint, solvents, and resins, are not allowed on the Premises without the express written permission of the City. In the event written permission to store the preceding materials is granted by the City, disposal of such materials shall be in a legal manner by the Lessee.

Prior to initiating any process requiring the use or storage of, or generating, on or adjacent to the leased premises, Hazardous Substances, the Lessee covenants and agrees to obtain the City's prior approval. The City may consider approving the specific use, but only after the Lessee demonstrates to the satisfaction of the City that Lessee has all necessary permits for operation and a Hazardous Substances emergency response plan.

Lessee agrees to cooperate in any environmental audits conducted by the City's staff or independent third parties. Lessee agrees to reimburse the City for the cost of such audits. Lessee agrees to provide the City with notice of every governmental inspection of the leased premises, notice of violation, and order to clean up contamination, within five (5) days after receipt thereof by the Lessee. Lessee agrees to permit the City to participate in all settlement or abatement discussions. In the event Lessee fails to take remedial measures as stated in any final administrative or judicial order to decrees signed by a state, federal, or local regulatory agency within 90 days of such order or decree, the City may elect to perform such work, and Lessee covenants and agrees to reimburse the City for all direct and indirect costs associated by the City's work.

Lessee hereby agrees to release, defend and indemnify the City and hold the City harmless for any suits, claims, damages, strict liabilities, and costs or liabilities associated with the removal or remediation of any Hazardous Substance (including petroleum and gasoline products) that are released onto or from the Premises, or otherwise come to be located on the Premises during the term of the Lease, including but not limited to those that may have migrated to or from the Premises. "Cost" shall include, but not be limited to, all response or remediation costs,

disposal fees, investigation costs, monitoring costs, civil or criminal penalties, attorney fees, and other litigation costs incurred in connection with such removal or remediation.

Lessee's duties under this paragraph shall not apply to the extent the suit, claim, damages or costs result solely from hazardous substances released prior to the beginning of the lease term. To the extent the suit, claim, damages or costs arise from hazardous substances released in part prior to the lease term and in part after the beginning of the lease term, then (1) Lessee's duty to defend shall apply, and (2) Lessee shall indemnify the City for Lessee's proportionate share. Lessee's "proportionate share," for purposes of the preceding sentence, shall be the percentage of damages or costs that are attributable to releases of hazardous substances after the commencement of the Lease.

Lessee further agrees to retain any and all liabilities arising from the off-site disposal, handling, treatment, storage, or transportation of any Hazardous Substances, including petroleum products, removed from the Premises. Lessee's obligations and liabilities under this section shall survive the expiration of this Lease.

The term "Hazardous Substance," as used herein, means any hazardous, toxic, or dangerous waste, substance or material, including petroleum products, or any containment, pollutant or chemical defined or identified in any environmental regulation as posing a potential risk to human health or the environment.

(c) Assumption of Risk: The placement and storage of personal property on the Premises shall be the responsibility, and at the sole risk, of the Lessee.

(d) Insurance: Evidence, to the reasonable satisfaction of the Director of Administrative Services, of the Lessee's maintenance of insurance as required by this Lease shall be submitted to the Director prior to the initial occupancy of any portion of the Premises, and thereafter, within a reasonable time after the Lessee's receipt of a request for such evidence, which time, in no event, shall exceed four (4) City business days. The "ACORD" form of Certificate of Insurance shall not be submitted as such evidence, and shall not be deemed to be satisfactory evidence unless the following changes are made on such form:

The wording of the top of the form:

"This certificate is issued as a matter of information only and confers no rights upon the certificate holder."

shall be deleted in its entirety.

The wording at the bottom of form:

"Should any of the above described policies be canceled before the expiration date thereof, the issuing company will endeavor to mail thirty (30) days written notice to the below named certificate holder, but failure to mail such notice shall impose no obligation of any kind upon the company."

shall be changed to read -

"Should any of the above described policies be canceled, reduced as to coverage, or otherwise changed before the expiration date thereof, the issuing company shall provide written notice of such action to the below named certificate holder/City of Seattle, Property Management Division, 618 Second Avenue, 14th Floor, Seattle, WA 98104, at least thirty (30) days prior to the effective date of such change or cancellation."

Notwithstanding any provision herein to the contrary, the failure of the Lessee to comply with the requirements of this Lease regarding insurance shall subject this Lease to immediate termination consistent with the notice provisions of the special conditions of this Lease.

4. COMPLIANCE WITH LAW.

(a) Applicable Law: This Lease shall be construed under and governed by all applicable laws of the United States of America and the State of Washington and the Charter and ordinances of The City of Seattle, as well as all rules and regulations of any such governmental entity.

(b) Licenses, Permits and Taxes: The Lessee shall be liable for, and shall pay throughout the term of this Lease, all license and excise fees and occupation taxes covering the business conducted on the Premises, and all taxes on personal property of the Lessee on the Premises and any excise or other taxes on the leasehold interest created by this Lease; and in the event the State of Washington makes any demand upon the City for payment of leasehold excise taxes resulting from the Lessee's occupation of the Premises or withholds funds due to the City to enforce collection of leasehold excise taxes, the Lessee, at its sole expense, shall contest such action and indemnify the City for all sums expended by, or withheld by the State from, the City in connection with such taxation.

(c) Equal Employment Opportunity and Nondiscrimination. The Lessee shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington, and The City of Seattle, including the Seattle Municipal Code (SMC), notably SMC Ch. 20.44, and rules, regulations, orders, and directives of the associated administrative agencies and their officers.

(d) Women's & Minority Business Enterprise Utilization. Although there are no requirements in this Lease Agreement that Lessee specifically set-aside a percentage of work for Women-owned or Minority-owned Business Enterprises, the following language is required to be inserted in every City contract by Seattle Municipal Code 20.46 A, and therefore it is included in this agreement:

This lease hereby incorporates by reference Seattle Municipal Code (SMC) Ch. 20.46A. The failure of the Lessee to comply with any of the requirements of SMC Ch. 20.46A shall be a material breach of contract. The purpose of Seattle's WMBE Program is to provide a prompt remedy for the effects of past discrimination. The City in general, and this Program in particular, are damaged when a contract, or portion of a contract, to be performed by a WBE or MBE is not actually performed by a WBE or MBE in compliance with SMC Ch. 20.46A. Because the actual amount of such damage is not reasonably calculable, the parties agree and stipulate that liquidated damages equal to the unmet dollar amount of any WBE or MBE set-aside will fairly compensate the City for resulting delays in carrying out the purpose of the program, the costs of meeting utilization targets through additional contracts, the administrative costs of investigation and enforcement, and other damages and costs caused by the violation. The Lessee, as an instrumentality of the State, is subject to State requirements for WMBE and as such, in the absence of set-aside requirements in this lease, is presumed to comply with these requirements by complying with the state requirements.

During the term of this lease, the Lessee shall:

- (i) Meet the WBE and MBE set-asides established for the lease, if any;
- (ii) Make affirmative efforts to utilize WMBEs in performing the terms of the lease, whether as subcontractors, suppliers, or in any other capacity;
- (iii) Require that all subcontractors make affirmative efforts to utilize WMBEs in performance of the lease;
- (iv) Maintain records reasonably necessary for monitoring compliance with the provisions of this chapter, and submit such information as may be requested by the Director of the Department of Administrative Services in order to monitor and enforce compliance; and

(v) Require that subcontractors maintain records reasonably necessary for monitoring the subcontractors' compliance with the provisions of this chapter, and that the subcontractors submit such information as may be requested by the Director of the Department of Administrative Services in order to monitor and enforce compliance.

(e) Permits: The Lessee, at no expense to the City, shall obtain any and all building permits, change of use permits, and/or certificates occupancy from the City as may be required and shall deliver a copy of the same to the Director..

(f) Hazardous Substance: The Lessee shall not store hazardous substance in the Premises and shall notify the Lessor immediately of any release of hazardous material.

5. SUBLEASES OR ASSIGNMENTS; LIMITATIONS ON USE AND PURPOSE. Except as provided in the Special Terms and Conditions, the Lessee shall not enter into any sublease of the Premises or any portion thereof or any assignment of any interest in this Lease, whether long- or short-term in nature, or engage in any activity with respect to or on the Premises other than for the express uses and purposes stipulated herein without written permission from the Director. Except that nothing in this lease shall be construed to prevent the lessee from assigning the leasehold interest in the garage to a trustee (including any successor trustee) for the benefit of holders of Certificates of Participation in payments to be made pursuant to the financing contract used to finance the expansion or by such trustee to effectuate its remedies in the event of a default in or non-appropriation of payments pursuant to the financing contract used to finance the expansion.

6. USE AND CARE OF THE PREMISES.

(a) General Condition: The Lessee shall keep the Premises at all times and at no expense to the City, in a neat, clean, safe and sanitary condition and shall keep and use the Premises in accordance with the laws of the State of Washington and Charter and ordinances of The City of Seattle, and in accordance with all authorized rules and regulations of the Health Officer, Fire Marshall, Building Inspector and other officers of The City of Seattle. The Lessee shall not permit any waste, damage, or injury to the Premises; use or permit on the Premises anything that will increase the risk of fire thereon; maintain anything on the Premises that may be dangerous to life or limb; overload the floors, permit any objectionable noise or odor to escape or to be emitted from the Premises; permit anything to be done upon the Premises that in any way will tend to create a nuisance or, in the event of multiple occupancy, to disturb any other tenants or use of the building in which the Premises form a part; or to use or permit the use of the Premises for lodging or sleeping purposes.

(b) Maintenance - Repairs: The Premises have been inspected by both parties and are accepted by Lessee 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. The City will be responsible for maintenance and repair of all structural members of the Premises providing subjacent and lateral support for properties adjoining the Premises. The Lessee will be responsible for all other maintenance and repair of the Premises and for cleaning, including the foundation, columns, girders, beams, supports, slabs, walls, floors, stairs, elevator, and driveways. The Freeway Park, including the restroom, will be maintained by the City.

(c) Alterations: With the prior written approval of the Director, the Lessee, at its sole cost, shall have the right to make modifications to the Premises, including but not limited to one or more interior vehicular and/or pedestrian connections to the Convention Center parking garage, and shall be allowed to integrate the Garage operation with the Convention Center parking garage and operate the two garages as a single facility. All alterations, additions and improvements that are made, shall be at the sole cost and expense of Lessee, and shall become the property of the City, and shall remain in and be surrendered with the Premises as part thereof at the termination of this Lease, without disturbance, molestation or injury. The City reserves an unqualified right to make alterations to the Premises or to the building in which the Premises are situated (1) where conditions deemed by the Director to constitute an emergency, exist; or (2) in order to correct code-deficiencies; provided, such alterations do not unreasonably interfere with the ordinary operation of the Premises by the Lessee.

(d) Access: The City reserves for itself, its officers, employees, agents and contractors, free access to the Premises at all reasonable times for the purposes of inspecting, or making repairs, additions or alterations to the Premises or any other property owned by or under the control of the City, but this right shall not be construed as an agreement on the part of the City to make inspections, or make repairs, additions or alterations. The Lessee shall have reasonable access to other property of the City where necessary to provide utility services to the Premises; all of the Lessee's work on such other City property shall be at no expense to the City.

(e) Signs: The Lessee shall not display, inscribe, paint or affix to any part of the Premises any sign except a sign that has been approved, in writing, by the Director, prior to such placement.

7. DAMAGE OR DESTRUCTION. In the event that the Premises (a) are damaged by fire, earthquake, act of war, or other extraordinary casualty to such an extent as to render them untenable in whole or in substantial part; or (b) are destroyed, the City shall not be obligated to rebuild the premises or to compensate the Lessee for any loss of income under this lease. The Lessee will not be liable for any loss, damage, or destruction of the premises, except loss, damage, or destruction caused directly by the waste, or willful negligent action of the Lessee, or failure of the Lessee to perform its obligations under this lease. The City shall not be obligated to restore the functionality of the Premises in the event of loss, damage, or destruction.

8. NOTICES. Any notice to be given by either party to the other 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 provided in the Special Terms and Conditions hereof, or to such other respective addresses as either party may, from time to time, designate in writing.

9. 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 Lessee or any party associated with the Lessee in the conduct of the Lessee's business or otherwise. This Lease does not make the Lessee the agent or legal representative of the City for any purpose whatsoever.

10. DEFINITION OF "DIRECTOR". The term "Director", as used throughout this Lease in regard to permission, warrant, consent, approval, rights, interpretation, and discretionary matters, shall mean the Director of Administrative Services or his/her designee except where the granting of approval, consent or permission or the taking of any other official action by any other City official is required by law, ordinance, resolution, rule, or regulation before the Lessee may rightfully commence, suspend, enlarge, or terminate any particular undertaking or may obtain any particular right or privilege under this Lease.

11. AMENDMENTS. The parties hereto especially reserve the right to renegotiate and change the provisions of this Lease, from time to time, as may be necessary. No alteration or modification of the terms or conditions of this Lease shall be valid and binding unless made in writing and signed by the authorized representatives of the parties hereto.

12. NO WAIVER OF DEFAULT. The City does not waive full compliance with the terms and conditions of this Lease by acceptance 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 operate as, a waiver of any subsequent default of any of the terms, covenants and conditions of this Lease to be performed, kept and observed by the other party.

13. SURRENDER OF PREMISES. At the expiration or termination of this Lease, the Lessee shall quit and surrender the Premises and all keys thereto, without notice and in as good condition as received at the commencement of the term, except for ordinary wear and tear, damage or destruction by fire or other casualty or circumstances uncontrollable by the Lessee, and alterations, improvements, and additions made with the approval

of the Director unless otherwise agreed as a condition of such approval. At the option of the Lessor, the Lessee will create a barrier between the garages, if the two have been joined, of a type and manner acceptable to the Lessor.

14. BINDING EFFECT. This Lease shall be binding upon the heirs, successors, and assigns of the parties hereto.

15. 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 were not a part hereof..

16. BOOKS AND RECORDS. The Lessee shall keep true, separate, accurate, complete and auditable records and receipts of all revenues from the Premises. All such records shall be retained in King County, Washington, for at least fifteen (15) months after the close of each calendar year during which this lease is in effect.

17. ACCESS TO RECORDKEEPING FOR AUDITS BY CITY. The Lessee shall permit the City, from time to time, as the Director deems necessary, to inspect and audit in King County, Washington, at any and all reasonable times, all pertinent books and records of the Lessee pertaining to revenues generated by the Premises, and shall supply the City with, or shall permit the City to make, a copy of any such books and records and any portion thereof, upon the request of the Director. The Director or his/her successor or designee shall notify the Lessee of the amount of any underpayment found. Any underpayment shall be immediately due and payable and shall be delinquent if not paid within ten (10) days after the date of such notice.

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

19. CAPTIONS. The titles of the articles, sections, and subsections of this Lease are for convenience only, and do not define or limit the contents.

20. DEFINITION OF "GROSS RECEIPTS". The term "gross receipts," as used throughout this lease in regard to revenue from the garage, shall mean the total collections received by the Convention Center as fees for parking in the Freeway Park Garage.

21. DEFINITION OF "NET OPERATING REVENUE". The term "Net Operating Revenue" as used throughout this lease means the Gross Receipts less the costs of operations, maintenance, and personnel attributed to the operation of the Garage and reasonable overhead of the WSCTC attributable to the operation of the Garage.

22. DEFINITION OF "NET OPERATING INCOME". The term "Net Operating Income" as used throughout this lease shall be the same as "Net Operating Revenue"

23. DEFINITION OF "EXPANSION PROJECT". The term "Expansion Project" as used in this Lease means the physical improvement to the Convention Center facilities as authorized by the State Legislature in (bill #), which shall include approximately 100,000 square feet of additional heavy-load exhibition space, additional lobby and pre-function areas, and additional loading bays and support areas..

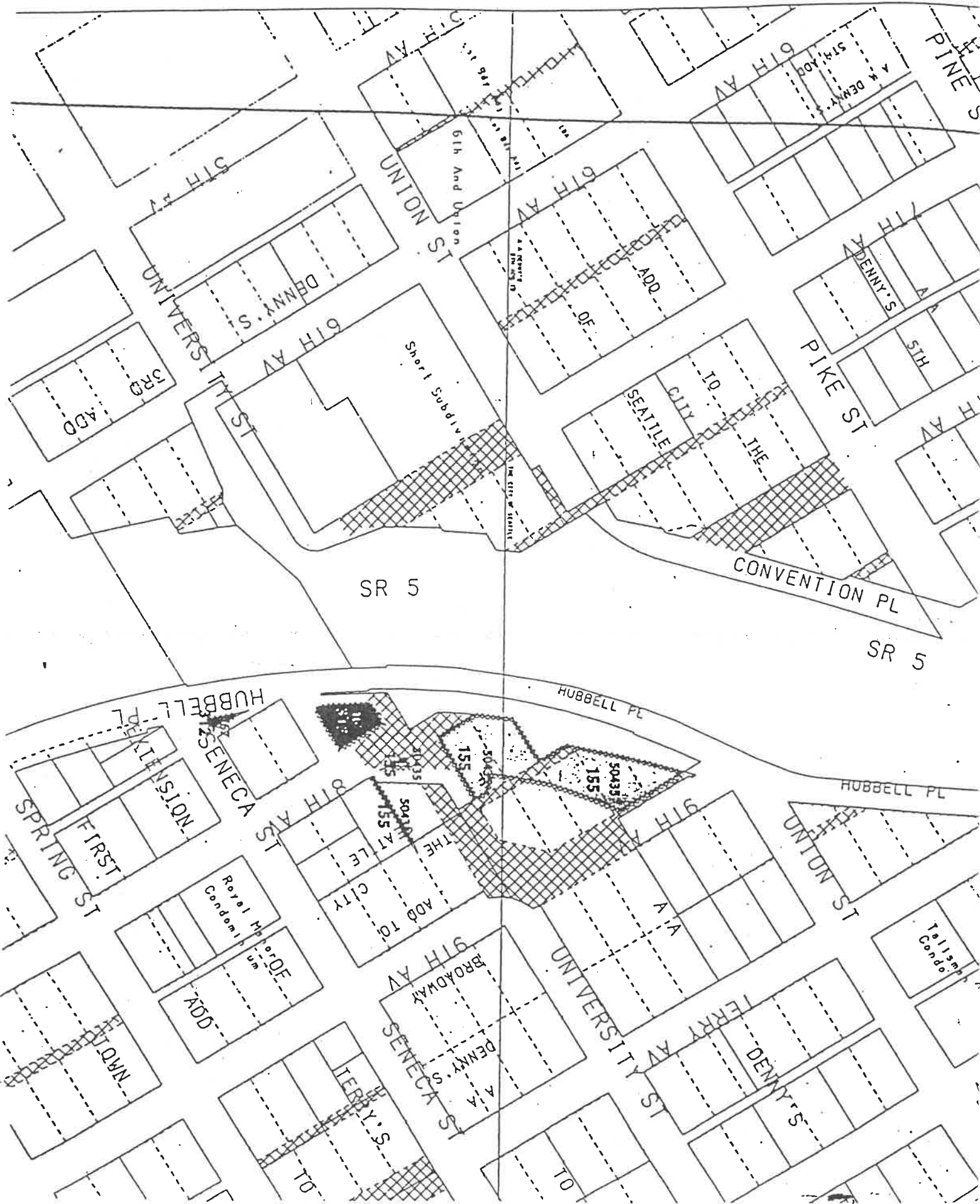


EXHIBIT B

Debt Service Schedule for Freeway Park Garage

Date	Payments Principal	Payments Interest	Total Payment Due	Bonds Due Numbers	Balance
8/1/1996	\$180,000.00	\$39,400.00	\$219,400.00	415-450	\$1,300,000.00
2/1/1997		\$34,360.00	\$34,360.00		\$1,300,000.00
8/1/1997	\$190,000.00	\$34,360.00	\$224,360.00	451-488	\$1,110,000.00
2/1/1998		\$29,040.00	\$29,040.00		\$1,110,000.00
8/1/1998	\$200,000.00	\$29,040.00	\$229,040.00	489-528	\$910,000.00
2/1/1999		\$23,440.00	\$23,440.00		\$910,000.00
8/1/1999	\$210,000.00	\$23,440.00	\$233,440.00	529-570	\$700,000.00
2/1/2000		\$17,560.00	\$17,560.00		\$700,000.00
8/1/2000	\$220,000.00	\$17,560.00	\$237,560.00	571-614	\$480,000.00
2/1/2001		\$11,400.00	\$11,400.00		\$480,000.00
8/1/2001	\$235,000.00	\$11,400.00	\$246,400.00	615-661	\$245,000.00
2/1/2002		\$5818.75	\$5818.75		\$245,000.00
8/1/2002	\$245,000.00	\$5818.75	\$250,818.75	662-710	.00

Exhibit c

Freeway Park Garage Net Income

1997	52,000
1998	54,080
1999	56,243
2000	58,493
2001	60,833
2002	63,266
2003	350,000
2004	364,000
2005	378,560
2006	393,702
2007	409,450
2008	425,829
2009	442,862
2010	460,576
2011	478,999
2012	498,159
2013	518,085
2014	538,809
2015	560,361
2016	582,776
2017	606,087
2018	630,330
2019	655,543
2020	681,765