Ordinance No. 121835

Council Bill No. 115290

AN ORDINANCE relating to Seattle Center; authorizing the sale and temporary leaseback of real property at the southwest corner of 2nd Avenue North and John St, commonly known as Seattle Center Parking Lot 4 ("Property"); providing for the deposit of sale proceeds; and making a reimbursable appropriation to pay for sale-related costs; and, declaring the Property exempt from Resolution 29799.

CF No.

Date Introduced: JUN 13 2005		
Date 1st Referred: JUN 13 2005	To: (committee) Parks, Neighborhoods & Education	
Date Re - Referred:	To: (committee)	
Date Re - Referred:	To: (committee)	
Date of Final Passage: 6-20-05	Full Council Vote: 8-0	
Date Presented to Mayor: 6-20-05	Date Approved: 6/22/05	
Date Returned to City Clerk: 6/22/05	Date Published: 4 pgs.	T.O. ✓ F.T.
Date Vetoed by Mayor:	Date Veto Published:	
Date Passed Over Veto:	Veto Sustained:	

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by: DELLA

Councilmember

Committee Action:

Motion: PS, 2nd: JG PP

Y: 3 N: Ø

6-20-05 Passed 8-0 (Excused: Compton)

This file is complete and ready for presentation to Full Council. Committee: (initial/date)

Law Department

Law Dept. Review | OMP Review | City Clerk Review | Electronic Copy Loaded | Indexed

Shelly Yapp
CEN Lot 4 Sale ORD
May 18, 2005
version #1

ORDINANCE 121835

AN ORDINANCE relating to Seattle Center; authorizing the sale and temporary leaseback of real property at the southwest corner of 2nd Avenue North and John St, commonly known as Seattle Center Parking Lot 4 ("Property"); providing for the deposit of sale proceeds; and making a reimbursable appropriation to pay for sale-related costs; and, declaring the Property exempt from Resolution 29799.

WHEREAS, the Seattle Center Master Plan, as updated by City Council Resolution 30244 in 2000, identified the Lot 4 site for future private development for the benefit of Seattle Center; and

WHEREAS, the City has determined with the advice of the Seattle Center Director that the current public use of the Property as a surface parking lot is no longer needed; that public purposes will be satisfied by private redevelopment consistent with the City's Comprehensive Plan and Queen Anne Plan; and that the site is not needed for Seattle Center's future program needs; and

WHEREAS, an addendum to the Seattle Center Master Plan EIS has been published and the review period completed regarding the sale of land in authorized public use and the removal of the Property as part of the Seattle Center campus; and

WHEREAS, the projected proceeds from the sale of the Property were budgeted in the Adopted 2005-06 City Budget for the Seattle Center Operating Fund; and,

WHEREAS, as a result of the City's competitive process, the Purchaser entered into the Purchase & Sale Agreement attached hereto as Attachment 1, agreeing to pay a purchase price of $6,700,000, subject to reasonable due diligence investigation of the property; and

WHEREAS, IS Investment Properties LLC ("Purchaser") proposes to redevelop the property consistent with neighborhood commercial zoning (NC3-65), principally for residential use, which use would further the objectives of the City's Comprehensive Plan and the Queen Anne Plan; and,

WHEREAS, the Purchaser has agreed to maintain the property in public parking, and may temporarily leaseback the site to Seattle Center to continue operation of a surface parking facility until such time as construction of their development commences; and,

WHEREAS, Seattle Center will need to undertake pre-closing and closing activities in support of the sale of the Property, including compensation of the broker and closing costs; and,

CITY CLERK

WHEREAS, the City intends that the cash proceeds from the sale of the Property pay all costs of the sale, including the broker's fee and all closing and related City costs associated with the sale of the Property, and that the net proceeds of the sale be deposited in the Seattle Center Operating Fund; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. As requested by the Seattle Center Director ("Director") and recommended by the Mayor, Seattle Center's property known as Lot 4 located at the southwest corner of 2nd Avenue North and John St ("Property") is exempt from all of the requirements of Resolution 29799, and the Seattle Center Director or her or his designee is hereby authorized to sell the Property, as legally described in Exhibit A to Attachment 1.

Section 2. The Director is authorized to sell the Property to IS Investment Properties LLC ("Purchaser"), as provided in the Purchase and Sale Agreement ("P&SA") included as Attachment 1 for a gross purchase price of SIX MILLION SEVEN HUNDRED THOUSAND DOLLARS ($6,700,000), in all cash paid at closing.

Section 3. The Seattle Center Director or her designee is further authorized, for and on behalf of the City, to execute a Bargain and Sale Deed substantially in the form included in Exhibit G to Attachment 1 for recording and delivery upon Purchaser's compliance with the conditions of the P&SA that are to be satisfied at or before closing, and such other agreements and documents as she reasonably determines are appropriate to effect the closing of such conveyance in accordance with the terms and conditions of the Purchase and Sale Agreement.

Section 4. The Seattle Center Director, or her or his designee, is authorized, for and on behalf of the City of Seattle, to enter into any agreement(s) to provide for continued public parking use of the Property pending redevelopment of the property by the Purchaser.

CITY CLERK

Section 5. Contingent upon the receipt by the City of proceeds of the sale of the property described in Section 2 above, and to pay for City costs and commitments associated with the sale of the Property, and the sale of Seattle Center Lot 5, authorized by separate ordinance, a reimbursable appropriation of $241,000 is made from the Cumulative Reserve Subfund -- Unrestricted Subaccount (Fund 11650) to the Lot 4 Site Development Project (S9907). Any amount of the appropriation in Section 5 that is unencumbered and unexpended within 120 days following the City's receipt of proceeds from the sale of the Property shall lapse.

Section 6. Upon receipt by the City of proceeds of the sale of the Property or other money under the Contract:

A. The amount of the appropriation from the Cumulative Reserve Subfund -- Unrestricted Subaccount made in Section 5 that has been spent, encumbered or committed shall be deposited in the Cumulative Reserve Subfund -- Unrestricted Subaccount reimbursement; and,

B. The balance shall be deposited in the Seattle Center Operating Fund (11410).

Section 7. Any acts pursuant to the authority and prior to the effective date of this ordinance are hereby ratified and confirmed.

Section 8. This ordinance shall take effect and be in force thirty (30) days from and after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

CITY CLERK

Passed by the City Council the 20th day of June, 2005, and signed by me in open session in authentication of its passage this 20th day of June, 2005.

President _____ of the City Council

Approved by me this 22nd day of June, 2005.

Gregory J. Nickels, Mayor

Filed by me this 22nd day of June, 2005.

City Clerk

(Seal)

Attachment 1: PURCHASE AND SALE AGREEMENT – Lot 4 – 2nd Avenue North and John St.

Exhibits to Attachment 1:

EXHIBIT A -- Legal Description of Land
EXHIBIT B -- Site Map
EXHIBIT C – Key Milestones
EXHIBIT D – Form of Earnest Money Promissory Note
EXHIBIT E – List of Documents
EXHIBIT F – Form of lease for operation as interim parking facility
EXHIBIT G – Form of Bargain and Sale Deed

CITY CLERK

PURCHASE AND SALE AGREEMENT
FOR SALE OF REAL PROPERTY

THIS AGREEMENT is entered into as of May 2nd, 2005, between **THE CITY OF SEATTLE** ("Seller"), a first class city of the State of Washington, and **IS PROPERTY INVESTMENTS LLC**, a Washington limited liability company ("Purchaser").

In consideration of the payment and receipt of the Purchase Price in exchange for the Property, and in reliance on the parties' mutual promises and undertakings and the mutual benefits to be derived from the promises contained in this Agreement, the parties agree as follows:

1. PROPERTY AND INTERESTS

Seller owns the real property and improvements described on **Exhibit A** and depicted on the site map as **Exhibit B** (the "Property") and the City has determined with the advice of the Seattle Center Director that the current public use of Lot 4 as a surface parking lot is no longer needed, and that the site is not necessary for current or future Seattle Center's future program needs, programs or support and can best serve interest of Seattle Center by sale and use of proceeds for Seattle Center's financial sustainability.

2. SALE OF PROPERTY. Upon execution of this Agreement by the duly authorized representatives of Purchaser and Seller, and upon payment of the Purchase Price defined in Section 3 of this Agreement, Seller shall convey the Property to Purchaser subject to: (a) all taxes, assessments, restrictions, easements, agreements and other matters affecting the Property deemed acceptable by Purchaser; and (b) all applicable zoning rules, restrictions, regulations, resolutions and ordinances and building restrictions and governmental regulations now or hereafter in effect. The parties recognize that this Agreement is subject to approval by the Seattle City Council (See **Exhibit C** Key Milestones).

3. PURCHASE PRICE.

3.1 Purchase Price. The total purchase price for the Property ("Purchase Price") is Six Million Seven Hundred Thousand and No/100 Dollars ($6,700,000). The Purchase Price, less the Earnest Money and all accrued interest, shall be paid in cash at Closing.

3.2 Earnest Money. Within five (5) business days **(see Exhibit D),** which is incorporated into this Agreement) after full execution of this Agreement, Purchaser shall deliver to the downtown Seattle office of Chicago Title Insurance Company ("Title Company"), 701 5th Avenue, Suite 1800, or such other escrow agent as may be satisfactory to both Purchaser and Seller ("Escrow Agent"), an earnest money deposit (the "Earnest Money") in an amount equal to five percent of the Purchase Price, or Three Hundred Thirty Five Thousand Five Hundred Dollars ($335,500) in the form of a promissory note (**Exhibit D**), which note shall be converted to cash upon the expiration of the Due Diligence Period (as defined in Section 6.1.3) unless Purchaser has previously terminated this Agreement. When converted to cash, this sum shall be non-refundable to the Purchaser and deposited in an interest-bearing account, held until Closing and, together with all accrued interest thereon, shall be applied to the Purchase Price at Closing, unless forfeited or refunded to Purchaser as provided in this Agreement.

4. TITLE, SURVEY, AND INSPECTIONS; LEASES.

4.1 Title. Closing shall be conditioned upon Chicago Title Insurance Company ("Title Company") issuing or committing to issue to Purchaser a standard coverage ALTA owner's policy of title insurance in the amount of the Purchase Price (the "Title Policy"). The Title Policy shall insure that title to the Property is free and clear of all encumbrances except those listed in the title commitment and not objected to by Purchaser, which exceptions shall be the "Permitted Exceptions". The lien for any current real property taxes not yet due and payable, and those matters excluded from coverage by the standard

ATTACHMENT "A"

CITY CLERK

exceptions and exclusions contained in the form of title insurance policy required hereby are Permitted Exceptions. Title shall be conveyed by bargain and sale deed, subject only to the Permitted Exceptions. Within five (5) business days of executing this Agreement, Seller shall deliver a copy of the current title commitment ("Title Commitment") for the Property to Purchaser, along with legible and complete copies of all documents referenced as title exceptions in the Title Commitment.

4.1.2 Purchaser shall have fifteen (15) business days after receipt of the Title Commitment to notify Seller of any objections Purchaser has to the condition of title. If Purchaser provides no such notice within the fifteen (15) business day period, then Purchaser shall be deemed to have no objections to the condition of title. Seller shall have ten (10) business days after receipt of Purchaser's objections, if any, to notify Purchaser whether Seller will remove the exceptions objected to by Purchaser. If Seller provides no such notice within the ten (10) business day period, then Seller shall be deemed to agree to remove all of the exceptions objected to by Purchaser prior to Closing.

4.1.3 In the event that Seller provides notice that it will not remove all exceptions objected to by Purchaser prior to Closing, and the Parties cannot agree on an adjustment to the Purchase Price and/or other terms of this Agreement, then within ten (10) business days of notice by Seller of Seller's intent not to remove one or more of the exceptions, Purchaser may, at its sole option:

(i) Notify Seller of Purchaser's intent to waive any exceptions which Seller has not agreed to remove and accept title to the Property subject to such exceptions, or

(ii) Terminate this Agreement by written notice to Seller and Escrow Agent, in which event this Agreement shall terminate, the Earnest Money deposit and all interest earned thereon shall be promptly refunded to Purchaser, and neither party shall have any further rights, duties or obligations under this Agreement except as specifically provided otherwise.

4.1.4 Cost of Title Report. In the event that this Agreement is terminated without Closing, the cost of the title insurance contemplated by this Agreement shall be borne by Seller, unless the transaction terminates due to a default of Purchaser under this Agreement, in which case Purchaser shall bear the costs of title insurance.

4.2 <u>License for Entry onto Property for Inspection, Study and Survey Purposes; Documents.</u> In general, as it applies to this Section and its subsections, Purchaser shall exercise its rights granted herein at all times in such a manner as shall not result in the Property becoming subject to any lien arising out of Purchaser's exercise of rights. Any lien arising out of Purchaser's conduct of any right granted under this Agreement shall be removed immediately and at Purchaser's expense.

4.2.1 License. Seller grants to Purchaser and its agents, a license to enter the Property upon prior notice to Seller, who shall arrange such access as Purchaser shall reasonably require, for the purpose of conducting any investigation, inspection, analysis, study or survey of the Property. The time, place and manner of inspection shall be fully described to Seller prior to entry and no investigation, inspection, analysis, study or survey shall be made which has not been approved in advance by Seller or which unreasonably disturbs the Seller's use and enjoyment of the Property. Seller shall not unreasonably withhold approval and shall endeavor to make access to the Property available for inspections. Purchaser shall promptly provide copies of any surveys, reports, analyses, etc., to Seller. The license granted in this section shall expire on the date of Closing or the date this Agreement is terminated, whichever is earlier.

4.2.2 Environmental Reports. Within five (5) business days of the full execution of this Agreement, Seller shall furnish Purchaser with copies of all environmental reports or hazardous materials abatement reports, along with any abatement bids or estimates received by Seller, and all other information in the possession of Seller which reflects conditions on the Property, including environmental conditions, or the potential for same, and which pertain to the condition and/or any present or potential development and/or use of the Property.

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(i) Prior to expiration of the Due Diligence period, the Purchaser shall have the right, at its own expense, to commence any investigation of the Property, including but not limited to such environmental studies as it deems necessary to determine that the Property is free from Hazardous Materials. The Seller shall have the right to approve any investigation or testing of the Property prior to it actually taking place; provided that such approval shall not be unreasonably withheld. In general, all such investigations or studies occurring on the premises shall not interfere with the Owner's use of the Property, shall be conducted in a manner consistent with best practices of the industry, and shall not expose any person to any condition potentially hazardous to that person's health. In the event that any accidental discharge or exposure of a hazardous condition should occur, Purchaser and its agents shall promptly take all steps reasonably calculated to minimize the effect of such exposure, and protect life, health and property and shall promptly notify the Seller. Purchaser shall notify Seller of the results of any studies it conducts.

(ii) Any environmental study which Purchaser elects to undertake which requires invasive or destructive testing may be performed upon 3 business days' prior notice to Seller and upon proof of insurance adequate to the risk of damage or loss occurring during the testing to cover the cost of repair necessitated by such testing on the Property or any adjacent property owned by Seller.

(iii) Any invasive or destructive testing shall be conducted at an agreed time, and in a manner intended to minimize disruption to the Seller's use of the property. In the event that this Agreement terminates without Closing, Purchaser covenants and agrees to repair any damage to the Property occasioned by the Purchaser's entry upon the Property or the conduct of any inspection, study or survey by or for Purchaser; provided however that Purchaser shall not be required to correct any conditions of the Property related to the presence of Hazardous Materials. Such repair shall be to the condition in which the Property existed immediately prior to Purchaser's initial entry upon the Property pursuant to the license granted herein. Purchaser shall indemnify and hold harmless Seller for any costs, loss or damage whatsoever incurred as a result of Purchaser's entry upon the Property and conduct of the inspection, study or survey

4.2.3 Seller's Cooperation. Seller agrees that Seller and its employees will cooperate with Purchaser during Purchaser's investigation and survey and provide such access to the Property and such information about the Property as Purchaser shall reasonably require. In addition, Seller agrees that within five (5) business days after full execution of this Agreement, Seller shall provide to Purchaser a complete copy of the following to the extent they are in Seller's possession, custody or control: information relating to any proposal or commitment by Seller to alter existing improvements or structures or construct additional improvements or structures, or to dedicate any portion of the Property to any governmental entity; and all other reports, records, diagrams, photographs, maps or other Documents relating to the Property, as listed at **Exhibit E** attached hereto.

4.3 Purchaser shall indemnify and hold Seller harmless from any claims, costs (including attorney's fees), loss, liability and damage whatsoever incurred as a result of Purchaser's entry upon the Property and conduct of the inspection, study or survey or any other activity on the Property by or on behalf of the Purchaser in connection with or pursuant to this Agreement. Notwithstanding the foregoing, and except as provided in 5.2.4, the Purchaser's repair, defense and indemnification obligations under this section shall not extend to the correction of any preexisting condition that Purchaser discovers to be present on, under or about the Property.

4.4 Seller Cooperation in Approvals Process. Seller agrees to reasonably cooperate with Purchaser in its pursuit of approvals from City of Seattle and other applicable authorities with jurisdiction over building and site improvement permitting and approvals, both pre-Closing and post-Closing, in connection with Purchaser's development project; provided, however, that closing is specifically not contingent on City approval of a Master Use Permit or any other permits.

CITY CLERK

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4.5 City Lease. A lease **(Exhibit F)** will be executed between the Purchaser and the Seller (as tenant) for the entire site to continue to be used as a parking lot. The term of the lease shall continue until such time as Purchaser needs to begin construction of its project; provided the lease may not terminate on or before September 6, 2005. The lease shall require the City to split all parking revenue from the site with the Purchaser with 70% of all gross revenue going to the Purchaser and 30% going to the Seller (the "City Lease.

5. REPRESENTATIONS AND WARRANTIES.

5.1 Purchaser's Warranties. Purchaser represents and warrants as follows:

5.1.1 Purchaser is a Washington limited liability company duly organized, validly existing and in good standing under the laws of the State of Washington.

5.1.2 The purchase of the Property will not conflict with or result in a material breach affecting Purchaser's ability to perform under this Agreement, of any other agreement or instrument to which Purchaser is a party or by which it is or may be bound or constitute a default under any of the foregoing, or violate any state or federal governmental law, statute, ordinance or regulation in effect on the date of execution of this Agreement.

5.1.3 The Purchaser acknowledges and agrees that the Property is being sold AS IS, WHERE IS, and that Seller makes no warranties or representations concerning the condition of the Property, except as specifically set forth in this Agreement, or its suitability for Purchaser's purposes.

5.1.4 The representations and warranties made by Purchaser in this Agreement are true on and as of the date of Closing as though such representations and warranties had been made on and as of the date of Closing. Purchaser's representations set forth in this Section 5.1 shall survive Closing as set forth in Section 24 (Survival).

5.2 Seller's Warranties. Seller represents and warrants as follows:

5.2.1 Seller is a municipal corporation duly organized, validly existing and in good standing under the laws of the State of Washington. Seller warrants that the Director of the Seattle Center Department is authorized on behalf of the Seller to execute this Agreement, subject to the approval of this Agreement by ordinance adopted by the Seattle City Council and signed by the Mayor of Seattle.

5.2.2 Seller is aware of no condition on or affecting the title to the Property, including but not limited to any material defect or material adverse fact relating to the Property, which will not be reflected as a matter of record title and will not be disclosed to Purchaser at the time Seller provides Purchaser the Documents listed in **Exhibit E**.

5.2.3 Seller is the owner of the Property. On receipt of the Title Commitment, Seller will review the same. At Closing, Seller will warrant that there are no claims affecting title to the Property, other than those disclosed by the Title Commitment as of Closing.

5.2.4 To Seller's knowledge, other than as disclosed in the Documents provided by Seller to Purchaser, there are no Hazardous Materials (as defined in Section 22 hereof) which would prevent development or materially increase the cost of the proposed development on or in the Property. If any additional Hazardous Material is discovered by Purchaser on the Property prior to Closing, Purchaser shall have the right to terminate this Agreement. However, if the Purchaser does not terminate prior to Closing, the Purchaser shall accept the costs and liability of any conditions it encounters. The Property is being sold AS IS, WHERE IS, and Seller makes no warranties or representations concerning the condition of the Property or its suitability for Purchaser's purposes.

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5.2.5 To Seller's knowledge, there is no action, suit, investigation or proceeding (administrative or otherwise) pending or, to Seller's knowledge, threatened, against or affecting the Property or any portion of it, the transactions contemplated hereby, the Seller, or otherwise, which might affect the right of Purchaser to own or operate the Property, develop the Property as intended by Purchaser, or possess the Property, or which might result in any liability of Purchaser with respect thereto. There is no pending condemnation or similar proceeding affecting the Property or any portion thereof, and Seller has not received any notice and has no knowledge that any such proceeding is contemplated.

5.2.6 There are no contracts, leases or other agreements which affect the Property or any portion thereof which would survive Closing, and Seller agrees not to enter into any such contracts, leases or other agreements, or to amend any of the Leases, between the date of this Agreement and the Closing.

5.2.7 Other than as expressly disclosed by Seller to Purchaser in the Documents, the Property does not violate any applicable environmental, zoning, or building restrictions, insurance company guidelines, fire codes, or other governmental statutes, ordinances, rules, regulations or orders relating to health, safety or welfare or any orders by any governmental agency or known insurance company requirement corrective action for any of the foregoing.

5.2.8 No representation or warranty by Seller contained in this Agreement or any exhibit hereto or in any document, statement, certificate, financial information, or schedule given to or to be given to Purchaser as a result of or in connection with this Agreement, knowingly contains or on Closing knowingly will contain, an untrue statement of material fact, or knowingly omits or on Closing will knowingly omit to state a material fact necessary to make the statements and facts contained therein not misleading. The Documents listed in **Exhibit E** attached to this Agreement are all of the documents relating to the Property in the possession of the Seattle Center Department or within its reasonable control.

5.2.9 Prior to Closing, Seller shall diligently manage and operate the Property and shall perform maintenance and replacements in accordance with customary schedules and perform repairs or replacements to any broken, defective or dysfunctioning portion of the Property as the relevant condition occurs, and otherwise operate and maintain the Property in a manner consistent with the manner in which Seller has previously maintained the Property; not violate or breach any zoning ordinance, fire code or building permit, nor commit any waste, damage, or nuisance; and promptly advise Purchaser of any litigation, arbitration, or administrative hearing affecting the Property.

5.2.10 Seller at Seller's expense shall continue to insure the Property against damage by fire or any other destructive forces in the amounts and coverages in place as of the date of mutual execution of this Agreement and Seller shall retain such insurance in full force and effect until Closing or any earlier termination of this Agreement. Seller has not received any notice from any insurance company of any defects or inadequacies in the Property or any part thereof which would adversely affect the insurability of the Property or the premiums for insurance thereof, and Seller is not aware of any such defects or inadequacies.

5.2.11 Seller is aware that Purchaser intends to develop the Property as a mid-rise residential project, and Seller knows of no statutes, ordinances, rules, regulations, orders, proceedings or other conditions which would preclude Purchaser from doing so.

5.3 Purchaser's Understanding of the Property. Unless Purchaser terminates this Agreement in accordance with the terms hereof, Purchaser agrees that it will accept the Property "AS IS" at Closing. Purchaser acknowledges that:

(i) The Property consists of approximately 36,000 square feet of area.

(ii) The Purchaser has reviewed the Phase 1 Environmental report for the Property.

CITY CLERK

(iii) The Purchaser understands the current zoning of the Property.

6. PURCHASER'S CONDITIONS PRECEDENT TO CLOSING

6.1. Purchaser shall be obligated to complete this transaction upon the following conditions:

6.1.1 Seller is able to convey title to the Property as described in Section 4 hereof, subject only to the Permitted Exceptions;

6.1.2 The Title Company is able to issue to Purchaser the Title Policy;

6.1.3 Within twenty (20) business days after this Agreement is fully executed (the "Due Diligence Period"), Purchaser has determined in its sole discretion that the Property is acceptable to Purchaser. If the Purchaser notifies the City that it is satisfied with the Property or waives its due diligence by the end of the Due Diligence Period ("Successful Completion"), the Earnest Money shall become non-refundable unless the City fails to perform. If the Purchaser fails to notify the City that it is satisfied with or waives its due diligence by the end of the Due Diligence Period, this Agreement will terminate and the Earnest Money shall be returned to Purchaser.

6.1.4 City Approval (as defined in Section 7.1.1 below) has been obtained by Seller, and Purchaser has approved in its discretion any terms and conditions imposed by the Mayor and/or the City Council. Seller shall provide the form of Ordinance (as defined in Section 7.1.1 below) to be submitted to the City Council for approval within ten (10) business days after Successful Completion of the Due Diligence period

7. SELLER'S CONDITIONS PRECEDENT TO CLOSING

7.1 Seller shall be obligated to complete this transaction upon the following conditions:

7.1.1 Approval of this Agreement by the requisite vote of the City Council of the City of Seattle of an appropriate ordinance acceptable in form and substance to Purchaser ("Ordinance"), which must then be approved by the Mayor after which thirty (30) days must expire without challenge for said Ordinance to be effective, (the expiration without challenge of the Ordinance shall hereinafter be referred to as "City Approval"). If City Approval has not been obtained by that date which is one hundred and twenty (120) days after the expiration of the Due Diligence Period, then, unless this Agreement is extended by the signed agreement of both parties, this Agreement will be immediately terminated, whereupon the Earnest Money together with all interest accrued thereon shall be returned to Purchaser within three (3) days after delivery to Seller and Escrow Agent of Purchaser's notice of such termination.

7.1.2 Purchaser shall have complied with all its obligations under this Agreement.

7.1.3 The representations and warranties made by Purchaser in this Agreement are true on and as of the date of Closing with the same effect as though such representations and warranties had been made on and as of the date of Closing.

8. TERMINATION OF AGREEMENT

8.1 If any condition or contingency described in this Agreement has not been either satisfied or waived within the time period associated with such condition or contingency, the Earnest Money, together with all accrued interest thereon, shall be released by the Escrow Agent to Purchaser within three (3) business days after such notice of termination The Earnest Money shall become non-refundable upon Purchaser's notice to Seller that it has waived or satisfied its due diligence review condition, unless (a) the City fails to perform its obligations under this Agreement or (b) Purchaser otherwise terminates this Agreement in accordance with any of the terms of this Agreement.

consummate the sale and purchase of the Property in accordance with the terms and provisions of this Agreement.

9.2 Escrow Instructions. The provisions of this Agreement shall constitute the joint instructions of the parties to the Escrow Agent; provided, however, that the parties may provide additional instructions to the Escrow Agent, as mutually agreed and not inconsistent with the provisions of this Agreement.

9.3 Date of Closing. The Closing (see Exhibit C) shall occur no later than ninety (90) days after the expiration of the Due Diligence Period ("Closing"), or no more than ten (10) days following City Approval, whichever is the earlier event to occur. Notwithstanding the foregoing, if City Approval (as defined in 7.1.1) does not occur on or before ninety (90) days after the expiration of the Due Diligence period then, at Purchaser's option and sole discretion this Agreement may be terminated by Purchaser, whereupon the Earnest Money together with all interest accrued thereon shall be returned to Purchaser within three (3) business days after delivery to Seller and Escrow Agent of Purchaser's notice of such termination. If Closing has not occurred on or before one hundred twenty days (120) after the expiration of the Due Diligence Period and neither party is in default under the Agreement, the Agreement shall automatically terminate unless extended by mutual agreement of both parties.

9.4 Purchaser's Closing Obligations & Instruments. At Closing, Purchaser shall deliver to Seller through the Escrow Agent:

9.4.1 By certified or cashier's check or wire transfer, the Purchase Price, less the Earnest Money deposit and all interest earned thereon, adjusted and prorated as provided in this Agreement;

9.4.2 Such other instruments as are reasonably necessary to consummate this purchase and sale transaction.

9.5 Seller's Closing Obligations & Instruments. At Closing, Seller shall deliver to Purchaser through the Escrow Agent:

9.5.1 A fully executed and acknowledged bargain and sale deed subject only to the Permitted Exceptions **(Exhibit G)**.

9.5.2 Such other instruments as are reasonably necessary to consummate this purchase and sale transaction.

10. ESCROW AGENT'S OBLIGATIONS

10.1 The Escrow Agent shall receive, hold and disburse all funds, arrange the execution, delivery and recording of all instruments necessary to this transaction and shall otherwise act in accordance with the mutual written instructions of the parties to this Agreement and in accordance with the laws of the State of Washington.

10.2 Earnest Money. The Earnest Money paid by Purchaser shall be held by Escrow Agent in a separate interest bearing account, identified to this transaction. The interest accruing thereon between the date of deposit and the date of Closing shall be applied to the Purchaser's obligations at Closing, or if this Agreement is terminated prior to the date of Closing, such interest shall be returned to Purchaser together with the Earnest Money.

10.3 Escrow Agent shall record all documents necessary to transfer title and thereafter shall pay to Seller the Purchase Price, as adjusted and prorated for Seller's portion of costs of this transaction and after deduction of all applicable fees and taxes.

10.4 Proration and Expenses. Assessments, surface water management charges, conservation service charges, and utility charges constituting liens against the Property, all for the year of Closing, shall

CITY CLERK

Earnest Money and all interest earned thereon to the Purchaser and both parties shall be relieved and released from any liability hereunder to the other. Alternatively, the Purchaser may elect to take title to the Property in accordance with the terms and conditions of this Agreement without reduction of the Purchase Price and shall be entitled to receive from the Superior Governmental Authority any condemnation award or benefit. If Purchaser purchases the Property and complies with all of the terms of this Agreement, Seller shall assign to Purchaser all of its right, title and interest in and to any such condemnation award or benefit, if any, that may be owing to the owner of the Property as a result of such condemnation or taking of, or damage or change to the Property, provided, however, that in such event, Seller's warranties, other than as to the condition of title to the Property, shall lapse.

14. BROKERS; INDEMNIFICATION

14.1 Purchaser and Seller each warrant and represent that they will each be solely responsible for any and all commissions due their respective real estate broker, salesman, finder or similar intermediary in connection with the purchase of the Property, and each shall hold harmless, indemnify and defend the other from and against any claim based on any alleged fact inconsistent with such party's warranty and representation contained in this paragraph 14.1. The Seller is represented by Metropolitan Partners. The Purchaser represents that it has not been represented by any broker in connection with the purchase of the Property. This indemnification obligation shall survive the Closing and the termination of this Agreement.

15. ASSIGNMENT; BINDING EFFECT

15.1 This Agreement may be assigned by the Purchaser subject to approval by Seller which approval will not be unreasonably withheld. Notwithstanding the foregoing, Purchaser may assign this Agreement at Closing to any entity in which Purchaser has a 51% or greater ownership interest, without Seller's consent. .

15.2 Subject to the foregoing, this Agreement shall be binding upon each party and its assigns and successors.

16. NOTICES

16.1 All notices, requests, demands and other communications under this Agreement shall be in writing and shall either be delivered in person, sent via facsimile or sent by Federal Express or by registered or certified mail through the U.S. Postal Service with postage prepaid as follows:

SELLER:

THE CITY OF SEATTLE

Neal Erickson
Seattle Center Redevelopment Division
Center House, Room 109
305 Harrison Street
Seattle, Washington 98109

PURCHASER:

IS PROPERTY INVESTMENTS LLC
2505 Second Avenue, Suite 300
Seattle, WA 98121
Attn: Michael E. Lierman

With a copy to:

CITY CLERK

Thomas A. Barkewitz
Alston, Courtnage & Bassetti LLP
1000 Second Avenue, Suite 3900
Seattle, WA 98104-1045

or to such other address as shall be furnished in writing with five (5) business days' prior notice by either party.

16.2 Notices shall be deemed to have been given upon the earlier of actual receipt, as evidenced by the deliverer's affidavit, the recipient's acknowledgment of receipt, facsimile confirmation, or the Federal Express receipt, and in the event of attempted delivery during normal business hours at the proper address by an agent of a party or by Federal Express or the U.S. Postal Service but refused acceptance, shall be deemed to have been given upon attempted delivery, as evidenced by an affidavit of inability to deliver stating the time, date, place and manner in which such delivery was attempted and the manner in which such delivery was refused.

17. GOVERNING LAW JURISDICTION AND VENUE

17.1 This Agreement shall be governed by the law of the State of Washington.

17.2 In the event that litigation is commenced by either party, the parties to this Agreement agree that jurisdiction shall lie solely in the King County Superior Court, with venue at Seattle, King County, Washington.

17.3 In the event of litigation between the parties hereto, declaratory or otherwise, in connection with or arising out of this Agreement, the prevailing party shall recover from the non-prevailing party all actual costs, actual damages and actual expenses, including attorneys' fees and charges, paralegal and clerical fees and charges and other professional or consultants' fees or charges, expended or incurred in connection therewith, as set by the court, including for appeals, which shall be determined and fixed by the court as part of the judgment.

18. TIME OF THE ESSENCE; CALCULATION OF TIME PERIODS

18.1 Time is of the essence of this Agreement and of all acts required to be done and performed by either and both of the parties hereto, including but not limited to the proper delivery of all documents, and the tender of all amounts of money, required by the terms hereof to be delivered or paid, respectively. Any extension of time granted for performance of any obligation to this Agreement shall not be considered an extension of time for the performance of any other obligation under this Agreement.

18.2 Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday. The final day of any such period shall be deemed to end at 5:00 p.m., Pacific time.

19. COUNTERPARTS

19.1 This Agreement may be executed in counterparts and by facsimile, if so, only when counterparts are delivered to the Escrow Agent, with the signatures of each and every one of the parties constituting the Purchaser and Seller, shall it be deemed a binding Agreement.

19.2 It is understood, agreed and acknowledged that if both Purchaser and Seller have not executed a counterpart of this Agreement and deposited signed copies, accompanied by the deposit with the escrow agent as provided for in this Agreement, this Agreement shall be of no force and effect.

20. WAIVER

20.1 Any waiver under this Agreement must be in writing. A waiver of any right or remedy in the event of a default shall not constitute a waiver of such right or remedy in the event of any subsequent default.

20.2 No writing other than a document signed by the Seller's Seattle Center Department Director specifically so stating that it is a waiver shall constitute a waiver by Seller of any particular breach or default by Purchaser, nor shall such a writing waive Purchaser's failure to fully comply with any other term or condition of this Agreement, irrespective of any knowledge that any officer or employee of Seller may have of such breach, default, or noncompliance.

21. ENTIRE AGREEMENT; MODIFICATIONS; NEGOTIATED UNDERSTANDING

21.1 This Agreement, including all exhibits (which by this reference are incorporated herein), represents the entire agreement of the parties with respect to the Property and any and all agreements, oral or written, entered into prior to the date hereof are revoked and superseded by this Agreement.

21.2 This Agreement may not be changed, modified or rescinded except in writing signed by both parties and any attempt at oral modification of this Agreement shall be of no effect.

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

22. DEFINITIONS

For the purposes of this Agreement, the following terms and phrases are defined as specified below:

22.1 "Document" means and includes information stored in any form; any written, recorded or graphic matter, however produced or reproduced; and copies and drafts thereof. Without limiting the foregoing, "Document" includes correspondence; telegrams; memoranda; reports; notes; drafts; minutes; contracts; agreements; books; records; vouchers; invoices; diaries; calendar notes; logs; computer print-outs; e-mails; voice mails; memory programs; information stored in any data processing or word processing system, in whatever form; back-up materials of any kind; card files; press clippings; newspapers or newsletters; sworn or unsworn statements of employees; lists; audits; tables of organization; monthly or other periodic statements; journals; notices; affidavits; court papers; appointment books; minutes or records of conferences or telephone calls; brochures; written reports or opinions of investigators or experts; status reports; drawings; charts; photographs; negatives; or tape recordings.

22.2 "Environmental report" means and includes but is not limited to any document relating to the physical condition of the Property or such adjacent property or the presence on the Property or such adjacent property of any Hazardous Materials, as that term is defined in Subparagraph in Section 22.3.

22.3 "Hazardous Materials" means and includes any hazardous or toxic substance or container therefor that is or becomes regulated by any governmental authority and includes, without limitation, underground storage tanks and any substance that is:

(i) Defined as a "Hazardous Substance" "Hazardous Waste," or "Extremely Hazardous Substance" pursuant to any provision of the United States Code, including United States Code sections commonly known as the Federal Water Pollution Control Act, the Federal Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act or the Superfund Amendments and Reauthorization Act of 1986;

CITY CLERK

(ii) Defined as a hazardous substance or material pursuant to any state or local law, ordinance or regulation governing the Property;

(iii) A petroleum or a petroleum by-product;

(iv) An asbestos or asbestos containing material;

(v) A pesticide;

(vi) A polychlorinated biphenyl;

(viii) A dry cleaning fluid; or

(ix) A solvent.

22.4 "In Seller's possession, custody or control" means and includes retained or maintained by, or within the knowledge of, or to which access is reasonably available by , the Seattle Center Department or any of its officers, employees, attorneys, agents, consultants or storage providers.

23. FURTHER INSTRUMENTS AND ACTION

23.1 Each party shall promptly, upon the request of the other or Escrow Agent, execute, and as required, have acknowledged and deliver to the other, any and all further instruments and shall take all such further action as may be requested or appropriate to evidence or give effect to the provisions of this Agreement or to satisfy escrow agent's requirements.

24. SURVIVAL

24.1 All warranties, representations, covenants, obligations and agreements contained in or arising out of this Agreement or in any certificates or other documents required to be furnished hereunder, shall survive the Closing. All warranties and representations shall be effective regardless of any investigation made or which could have been made.

25. TAX DEFERRED EXCHANGE

25.1 Purchaser may elect to incorporate this transaction into a tax deferred exchange under Section 1031 of the Internal Revenue Code. In furtherance thereof, Seller agrees to allow Purchaser to assign this Agreement to a third party exchange intermediary for the purpose of effecting the exchange provided that any such exchange will not delay closing or be interpreted to extend any deadline of this Purchase and Sale Agreement.. Seller agrees to cooperate with the exchanging party in effecting such exchange; provided that the Seller shall not be required to incur any liability as a result of such cooperation. The failure of the exchange to qualify as an exchange under Section 1031 shall not constitute grounds for rescission by either party and shall not be deemed to be a failure of consideration.

IN WITNESS WHEREOF, Seller and Purchaser have caused this Agreement to be executed by officers thereunto duly authorized as of the day and year first above written, which shall be the date that the last of Seller and Purchaser shall have executed this Agreement.

SIGNATURES APPEAR ON THE FOLLOWING PAGE

SELLER:

THE CITY OF SEATTLE

By: _____

Virginia Anderson, Director

PURCHASER:

IS PROPERTY INVESTMENTS LLC

By: _____

Michael E. Lierman, President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 2nd day of May, 2005, before me, personally appeared Virginia Anderson, to me known to be the Director of Seattle Center Department of The City of Seattle, who executed the foregoing agreement, and acknowledged the same to be the free and voluntary act and deed of The City of Seattle for the uses and purposes therein mentioned, and on oath stated that she was authorized to execute said agreement.

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

CAROLINE I. SMITH
COMMISSION EXPIRES
NOTARY
PUBLIC
07-27-07
STATE OF WASHINGTON

(Signature) Caroline Smith
(Printed or typed name of Notary Public):
Caroline Smith
Notary Public in and for the State of Washington,
residing at Seattle, King County
My appointment expires 7-27-07

STATE OF WASHINGTON)
) ss.
COUNTY OF)

On this 29th day of April, 2005 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Michael E. Lierman who executed the foregoing document, and acknowledged the same 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 was authorized to execute such document for and on behalf of said corporation.

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

CATHY M. LONG
COMMISSION EXPIRES
NOTARY
PUBLIC
6-16-08
STATE OF WASHINGTON

(Signature) Cathy M. Long
(Printed or typed name of Notary Public):
Cathy M. Long
Notary Public in and for the State of Washington,
residing at Snohomish
My appointment expires 6-16-08

RN

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EXHIBIT A
Legal Description

Lots 1, 2, 3, 4, and 12, Block 38, D. T. Denny's 3rd addition to North Seattle, according to the plat thereof recorded in Volume 1 of Plats, Page 145, in King County Washington.

RN

EXHIBIT B
Site Map

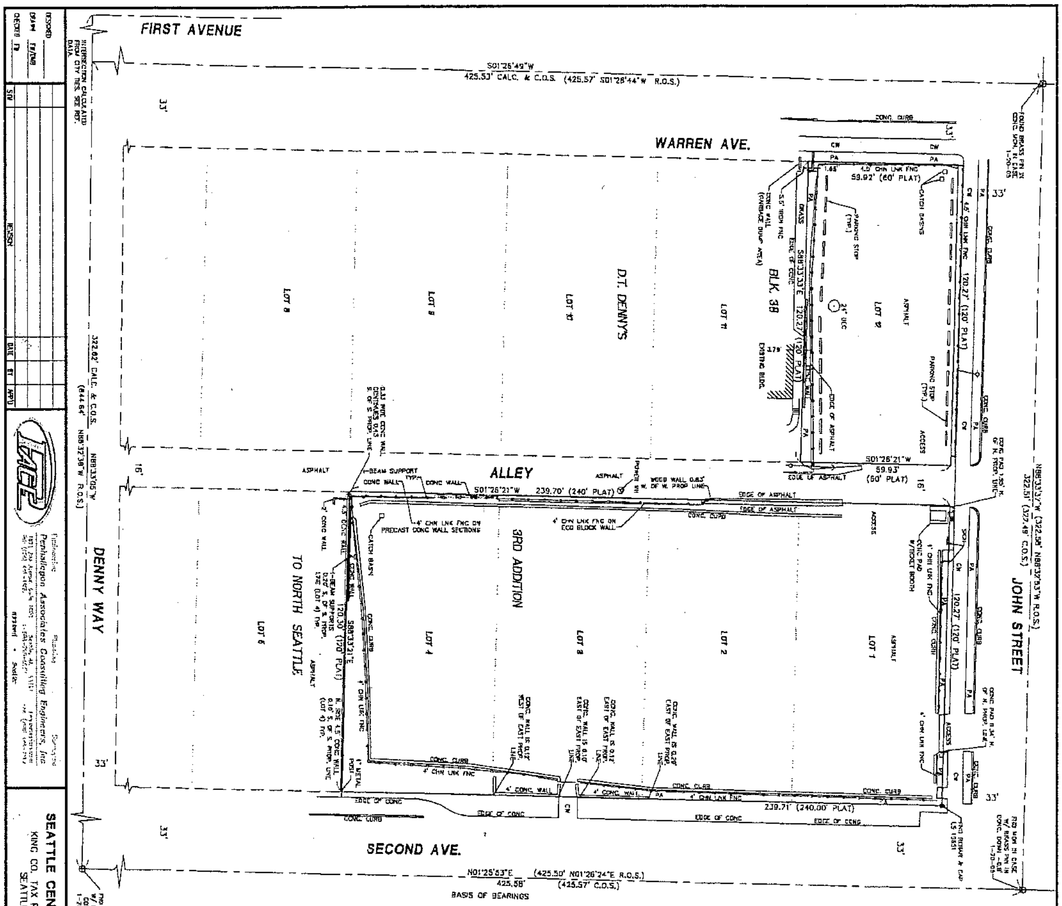

EXHIBIT C

Key Milestones

Signing of Purchase and Sale Agreement	May 2
Purchaser delivers Earnest Money Deposit to Escrow	May 9
Seller opens Escrow	May 9
Seller provides all Documents and Environmental Reports listed in Exhibit D	May 9*
Seller delivers copy of current title commitment	May 9*
Purchaser has 15 business days to notify seller of objections to conditions to title	May 27
Purchaser's Due Diligence Period shall conclude 20 business days following full execution of this Agreement by the parties.	May 31
Seller has 10 business days to notify Purchaser whether it will remove objections to conditions of title	June 13
If Seller notifies Purchaser it will not remove objections, then within 10 business days Purchaser can waive objections or terminate PSA	June 27
Within 10 business days of termination of Due Diligence, Seller shall provide the form of an Ordinance to be submitted to City Council	June 15
Closing shall occur no later than 90 days after termination of Due Diligence or 10 days after City Approval, whichever occurs earlier	August 16-31

* If Seller does not deliver the Documents, Environmental Reports and title commitment by May 9, each milestone date thereafter will be extended one day for each day between May 9 and the day on which the materials are actually delivered to Purchaser.

RN

EXHIBIT D
Earnest Money Promissory Note

$335,500

Seattle, Washington
May ___, 2005

FOR VALUE RECEIVED, the undersigned promises to pay in lawful money of the United States to the order of CHICAGO TITLE INSURANCE COMPANY, the amount of Three Hundred Thirty Five Thousand Five Hundred Dollars ($335,500) to be held as Earnest Money in accordance with Section 3.2 of the Agreement defined below, for the account of THE CITY OF SEATTLE ("Payee").

This note shall be paid as follows:

Upon demand, after expiration of the Due Diligence Period, as that term is defined in Section 6.1.3, and otherwise pursuant to the provisions of, that certain Purchase and Sale Agreement for Sale of Real Property dated May 2, 2005 ("Agreement") between the undersigned as Purchaser and Payee as Seller with respect to certain property located in the City of Seattle, King County, Washington, unless (i) Purchaser has terminated the Agreement on or before the expiration of the Due Diligence Period, (ii) Seller defaults under the Agreement, or (iii) the transaction contemplated under the Agreement has closed and Purchaser has paid Payee the full purchase price as set forth in the Agreement.

If suit is brought on this note after any default in any payment, the undersigned promises and agrees to pay reasonable attorneys' fees incurred thereby.

This note shall be construed according to the laws of the State of Washington

IS PROPERTY INVESTMENTS LLC
a Washington limited liability company

By_____
Michael E. Lierman, President

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EXHIBIT F

Lease

This Lease is made and entered as of the _____ day of _____, 2005 by and between **IS PROPERTY INVESTMENTS LLC**, a Washington limited liability company ("Landlord"), and The City of Seattle, acting by and through the Director of the Seattle Center Department or such official's designee ("Tenant").

RECITALS

WHEREAS the Seattle Center has operated Parking Lot 4 since 1986 in support of the public interest and the Seattle arts community; and

WHEREAS IS Property Investments LLC acquired the property _____ of 2005; and

WHEREAS both parties desire that the property continue to serve as an interim parking facility; and

WHEREAS the parties have agreed to enter into a month-to-month lease arrangement pursuant to which Seattle Center will continue to operate the parking lot until construction begins on the mixed use development project;

NOW, THEREFORE, in consideration of the rents to be paid and the covenants and agreements hereinafter provided which the Landlord and the Tenant agree to keep and perform, the parties hereby agree as follows:

1. LEASE AND PREMISES.

Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the following property (the "Premises"):

Lots 1, 2, 3, 4, and 12, Block 38, D. T. Denny's 3rd addition to North Seattle, according to the plat thereof recorded in Volume 1 of Plats, Page 145, in King County Washington.

2. TERM.

The term of this Lease shall be from month-to-month, commencing as of _____, 2005, and continuing on a month-to-month basis until terminated by Landlord or Tenant upon 30 days' written notice, provided termination shall not occur before September 6, 2005.

3. RENT.

Tenant shall pay Landlord on or before the 10th day of each month as Rent for the Premises, seventy percent (70%) of all of Tenant's Gross Receipts from the Premises during the prior calendar month. A statement signed by an authorized representative of Tenant, setting forth Tenant's Gross Receipts for the calendar month or other period in question, shall accompany each payment of Rent.

"Gross Receipts" means the actual monies collected, expressed in dollars, for all parking charges and all other receipts of business conducted at, in, on, about or from the Premises, whether for cash or credit, including sales and receipts occurring or arising as a result of agreements made off the Premises and relating to Tenant's use of the Premises, excluding, however, any sum collected and remitted for any retail sales tax imposed by any duly constituted governmental authority and separately stated. Tenant will set rates consistent with City Council ordinance. Landlord and Tenant may provide free parking by mutual agreement.

Tenant shall keep full, true and accurate books of account and records and shall provide the Seattle Center Parking Revenue Report (derived from the Seattle Center Parking Revenue by Facility Total Report and the Daily Parking Receipts Bank Deposit Report) and the Seattle Center Monthly Parking Report showing

CITY CLERK

all Gross Receipts received at, in, from and for the Premises. For purposes of permitting verification by Landlord of the Gross Receipts reported by Tenant, Landlord shall have the right, upon not less than 10 days' notice to Tenant, for a period of 36 months after Landlord receives or should have received Tenant's monthly statement of Gross Receipts, to inspect, audit or cause to be audited Tenant's books and records relating to Gross Receipts for such month at reasonable times at Tenant's place of business. If any such audit discloses that the actual Gross Receipts from Tenant's transactions exceed those reported by more than one percent (1%), then Tenant shall, within 30 days of demand, pay to Landlord as additional Rent the difference between the actual and reported Gross Receipts and interest thereon at the interest rate of twelve percent (12%) per annum from the date the Rent would have been due and payable had Tenant correctly reported its Gross Receipts until the date paid.

4. USE OF PREMISES.

Tenant shall use the Premises solely for a public parking lot and for no other uses unless Tenant obtains Landlord's prior consent.

5. UTILITIES.

Tenant shall pay all charges for electricity and garbage for the Premises, whether the electricity is separately metered or not. If not separately metered, the parties shall agree on a formula or fixed amount for electrical service for the Premises.

6. TAXES AND LICENSES.

Landlord and Tenant acknowledge that neither Landlord nor Tenant is exempt from real estate taxes while these premises are being used as a public parking lot. Property tax shall be the responsibility of the Landlord. All other taxes and license fees shall be the responsibility of the Tenant.

7. DAMAGES.

In the event the Premises are damaged through fault of Tenant, Tenant shall promptly repair and restore the Premises to their condition immediately prior to such damage, ordinary wear and tear excepted.

8. INSURANCE.

A. Except as provided in Section 8.B., Tenant shall carry, at its sole expense, during the Lease Term, a policy of commercial general liability insurance naming Landlord as an additional insured and covering any and all liability for injury to or death of a person or persons and for damage to property arising out of Tenant or its activities in the use, occupancy or maintenance of the Premises. The policy shall be in an amount of not less than $1,000,000 in the aggregate and Tenant shall provide Landlord with a certificate of insurance evidencing the above-referenced coverage.

B. Tenant represents that it is self-insured for exposures up to and exceeding $1,000,000. Accordingly, for as long as Tenant self-insures, Tenant will not be providing any insurance as provided in Section 8.A. Tenant agrees to notify Landlord promptly if it ceases self-insurance at least equal to the requirements of Section 8.A.

9. INDEMNITY.

Tenant shall indemnify and hold Landlord harmless from and against any and all claims arising from Tenant's use of the Premises, or from the conduct of Tenant's business or from any activity permitted or suffered by Tenant, or the act or omission of any third party, in, on or about the Premises and from and against all costs, attorneys' fees, expenses and liabilities incurred in the defense of any claim or action or proceeding brought thereon to the extent of Tenant's negligence except for and to the extent of injury or damage resulting from the Landlord's negligent or intentionally wrongful acts or omissions. Tenant further agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or from damage to the person or property of Tenant or any other person or entity in and about the Premises, irrespective of the cause of such damage except for and to the extent of injury or damage resulting from Landlord's negligent or intentionally wrongful acts or omissions.

10. REPAIRS.

RV

Tenant shall be solely and completely responsible for all maintenance and repairs to the Premises during the Lease Term and shall keep the Premises in same condition as they were at the start of the Term, reasonable wear and tear excepted. At all times, Tenant shall maintain the Premises in good condition and with a neat and swept condition.

11. ALTERATIONS.

Tenant shall make no alterations to the Premises without the Landlord's written consent. Tenant will, upon termination or expiration of this Lease, remove any and all alterations or improvements made or installed in, on or about the Premises by or through Tenant if requested by Landlord at the time the alteration or improvement was approved. Any such improvements Landlord does not request to be removed shall remain on the Premises and become the property of Landlord without cost to Landlord.

12. SIGNS.

All signs placed by the Tenant on the Premises shall be subject to Landlord's verbal approval.

13. ASSIGNMENT AND SUBLETTING.

Tenant shall not assign or sublet or license the whole or any part of the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld.

13. NOTICES.

Any demand, request or notice which either party hereto desires or may be required to make or deliver to the other shall be in writing and shall be deemed delivered when personally delivered, or when delivered by private courier service (such as Federal Express), or three (3) days after being deposited in the United States mail, in registered or certified form, return receipt requested, addressed as follows:

Landlord:

IS Property Investments LLC
Attn: Michael Lierman
2505 Second Avenue, Suite 300
Seattle, WA 98121

Tenant:

Seattle Center
Attn: Margo Polley
305 Harrison Street
Seattle, WA 98109

or to such other address and person as either party may communicate to the other by like written notice.

14. LIENS.

Tenant shall keep the Premises free and clear from any liens against the Premises arising from Tenant's use and occupation thereof. If the Tenant, in the Tenant's discretion and good faith, determines that any such lien should be contested, the Tenant shall, at the Tenant's sole cost and expense, procure and record a lien release bond, in an amount equal to the amount of the claim of the lien, issued by an insurance company acceptable to the Landlord that is authorized to do business in the State of Washington.

15. ATTORNEYS' FEES.

In the event of litigation between the parties hereto, declaratory or otherwise, in connection with this Agreement, the prevailing party shall recover its costs and attorneys' fees actually incurred, which shall be determined and fixed by the court as part of the judgment. The parties covenant and agree that they intend by this Section to compensate for attorneys' fees actually incurred by the prevailing party to the particular attorneys involved at such attorneys' then normal hourly rates and that this Section shall constitute a request to the court that such rate or rates be deemed reasonable. If Tenant is involved in any bankruptcy

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action, Tenant will reimburse Landlord for all attorneys' fees and costs incurred in connection with Tenant's bankruptcy action.

16. COMPLIANCE WITH LAWS.

Tenant shall be fully responsible for obtaining any permits necessary for its use of the Premises and shall cause its business on the Premises to be in full compliance with all applicable laws, ordinances and regulations of any governmental entities.

17. DEFAULT.

Landlord must notify Tenant of any defaults in the performance of any of its obligations under this Lease. Tenant will have 30 days to remedy the deficiency. If the default is one that, by its nature, is not susceptible to remedy within said 30-day period, then Tenant shall not be in default provided it commence to remedy the default within said 30-day period and diligently pursues the same to completion. If there is disagreement between Landlord and Tenant as to either party's obligations hereunder, the parties agree to engage in a dispute resolution process, whereby both parties negotiate at the lowest level possible. If unsuccessful, negotiation by directors follows. If satisfactory resolution is not achieved within in a reasonable amount of time, either party may terminate this Lease by written notice and pursue any rights and remedies the party may have at law or in equity.

IS Property Investments LLC,
A Washington limited liability company

By: _____
Name: Michael Lierman
Its: President

TENANT:

SEATTLE CENTER

A Municipal corporation

By: _____
Name: Virginia Anderson
Its: Director

EXHIBIT G

FORM OF BARGAIN AND SALE DEED

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the City of Seattle, a Washington municipal corporation ("Grantor"), does hereby grant, bargain, sell and convey to IS PROPERTY INVESTMENTS, LLC, a Washington limited liability company ("Grantee"), that real property situate in the County of King, State of Washington, and more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "Property"), subject only to the exceptions to title described on Exhibit B attached hereto and incorporated herein by reference.

Together with all tenements, hereditaments and appurtenances thereto belonging or appertaining and any and all reversions, remainders, rents, issues and profits thereof.

Dated this _____ day of _____, 200__.

SELLER: The City of Seattle
a Washington municipal corporation

By: _____

Its: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of The City of Seattle. A Washington municipal corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

_____
Notary Public
Print Name _____
My commission expires _____

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Exhibit A
to Deed
LEGAL DESCRIPTION

Lots 1, 2, 3, 4, and 12, Block 38, D. T. Denny's 3rd addition to North Seattle, according to the plat thereof recorded in Volume 1 of Plats, Page 145, in King County Washington.

Shelly Yapp
May 18, 2005
CEN Lots 4 and 5 Sale FISCAL
Version #1

FISCAL NOTE FOR CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Seattle Center	Joan Rosenstock, 684-8541 Shelly Yapp, 615-1729 Ned Dunn, 684-7212 Helaine Honig, Law, 684-8222	Eve Sternberg, 386-1119

Legislation Title: ***NOTE: Fiscal Note covers two related ordinances***
AN ORDINANCE relating to Seattle Center; authorizing the sale and temporary leaseback of real property at the southwest corner of 2nd Avenue North and John St, commonly known as Seattle Center Parking Lot 4 ("Property"); providing for the deposit of sale proceeds; and making a reimbursable appropriation to pay for sale-related costs; and, declaring the Property exempt from Resolution 29799.

AN ORDINANCE relating to Seattle Center; authorizing the sale and temporary leaseback of real property at 133 Warren Avenue North, commonly known as Seattle Center Parking Lot 5 ("Property"); providing for the deposit of sale proceeds; and, declaring the Property exempt from Resolution 29799.

Summary of the Legislation:
There are two proposed ordinances encompassed by this Fiscal Note. One proposed ordinance authorizes the Seattle Center Director to sell Seattle Center Parking Lot #4, at the southwest corner of 2nd Avenue North and John Street, in accordance with a negotiated Purchase and Sales Agreement for consideration of $6.7 million. The second piece of legislation authorizes the Seattle Center Director to sell Seattle Center Parking Lot #5, at 133 Warren Avenue North, in accordance with a negotiated Purchase and Sales Agreement for consideration of $890,000. The land sales are planned to close in August 2005.

Sale of these peripheral parking lots was contemplated as part of the Adopted 2005-06 Budget and projected net proceeds from the sale of the lots was included in adopted revenues to the Seattle Center Operating Fund. Both properties have been determined not to be necessary for Seattle Center's program needs or parking capacity. The legislation declares the properties to be exempt from Resolution 29799 because, due to existing policy regarding the sales reflected in the 2005-06 Adopted Budget, the properties were not offered to other City departments prior to being offered for sale to the public. That said, however, the proposed sale conforms to the intent of Resolution 29799 in that a careful determination was made that the properties were surplus to Seattle Center's program needs and could best serve the interests of the Center and

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the City through sale of the property for purposes that would further the City's Comprehensive Plan and the Queen Anne Neighborhood Plan and Uptown Urban Center objectives and for compensation that would enhance Seattle Center's financial position.

The properties will remain in use as public parking lots until redevelopment occurs. The legislation authorizes the Seattle Center Director to enter into leaseback agreements, if the Purchasers elect to have the Center continue to operate the lots temporarily. In the case of Lot 4, we have enclosed a lease agreement which would be finalized following due diligence, including their due diligence on competitive parking management agreements.

Finally, the legislation authorizes a reimbursable appropriation from the Cumulative Reserve Subfund to pay the costs of the sale of Lots 4 and 5, subject to close of the Lot 4 sale, and provides for the deposit of net proceeds of the sale of Lots 4 and 5 to the Seattle Center Operating Fund.

Background: ***(Include brief description of the purpose and context of legislation and include record of previous legislation and funding history, if applicable)***

1. Site Background and Developer Selection

Seattle Center Parking Lots 4 and 5, 36,000 square feet and 7,200 square feet respectively, are properties owned by Seattle Center but not contiguous to the campus. Lot 4 is across the street from the back of the Pacific Science Center and Lot 5 is a block further west and in the mid-block of a street predominantly in multi-family housing. Both lots are used for public parking – 105 spaces in Lot 4 and 28 spaces in Lot 5.

The Center began efforts to engage a private entity to redevelop Lot 4 in 1999, when the Council authorized lease of the site for development of a hotel (Resolution 30004). Council approved an update to the Seattle Center Master Plan in 1990 (Resolution 28210) which envisioned a hotel development on the Lot 4 site. When the selected developer was unable to secure financing, the lease was terminated. Seattle Center sought to engage another hotel developer in 2002, but the economy was not ripe for hotel development and financing was not available for a deal satisfactory to the Center. In late 2003, Seattle Center issued an RFP for developer proposals for Lot 4. This time, developers were asked to propose a development, the structure of an agreement, and financial terms. While there were again a couple of hotel proposals, the most attractive proposals were from developers proposing mixed-use residential/commercial. Following screening of proposals and interviews, a preferred developer was selected and Seattle Center initiated negotiations for a sale of the property in early 2004. Due to personal health and financial circumstances, the developers were unable to carry-through with the sales negotiations, and they were terminated in summer 2004.

In the context of 2004 financial sustainability planning efforts, both Lot 4 and Lot 5 were identified as non-essential to the program requirements of Seattle Center, particularly given their off-campus location. Seattle Center also determined that the properties were not essential for

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public parking to serve Seattle Center events. Without these lots (133 parking stalls) and with a projected reduction of 207 parking stalls in Lot 2 (5th Avenue Parking), there are only eight (8) days a year, based on 2003-04 data, that Seattle Center would be unable to fully meet its parking demand from its own parking facilities. And, Seattle Center parking facilities represent an estimated one-third of the parking capacity in the vicinity of the campus, with an additional one-third in privately owned public parking lots and one-third in on-street parking. Proceeds from the planned sale of both properties in the amount of $6.4 million were incorporated as revenue to the Seattle Center Operating Fund in the Adopted 2005-06 City Budget.

In late 2004, Seattle Center selected, through a competitive process, a real estate broker – Metropolitan Partners -- to market the two sites for sale. Through the broker's networking and through public advertisements, the offering brochures were widely circulated in early 2005 with proposals due in February 2005. The broker received thirteen (13) proposals to purchase Lot 4 and three (3) proposals to purchase the much smaller Lot 5. Following review and evaluation of the proposals, Purchase and Sales Agreements were negotiated with IS Investment Properties LLC – Intracorp – for Lot 4 for consideration of $6.7 million and with Warren Avenue Properties LLC – an entity of the property owner adjacent to Lot 5 – for Lot 5 for consideration of $890,000. Both offers were the highest among the developers proposing and both demonstrated the financial capability and willingness to close the sale before entitlements in summer 2005.

2. Redevelopment of Properties

Both Lots 4 and 5 are in NC3-65 zones in the Uptown Neighborhood and in an area where housing development – condos and apartments – has intensified in the last few years. While both Purchasers have indicated their intentions to develop housing on the sites, closing will occur prior to the entitlement process and the sales are not contingent on any specific features of the developments. Both developments will be subject to SEPA review as part of the MUP process and both will go through the Queen Anne Design Review Board.

In the case of Lot 4, Seattle Center proposes to sell approximately 36,000 sq ft of land at the southwest corner of 2nd Avenue North and John Street. It is bisected by an alley with approximately 28,800 sq ft of contiguous property on the east side of the alley and a 7,200 sq ft parcel west of the alley, at the corner of John Street and Warren Avenue North. The Seattle Center would sell the property to Intracorp, which intends to construct approximately 130-150 residential condominiums and approximately 13,000 sq ft of commercial use. Approximately 2 1/2 levels of underground parking with access off the alley is proposed. No additional information is available for the development site improvements as they are in the conceptual stages of design. When plans reach the stage where environmental analysis can occur, the purchaser is responsible for all permitting and environmental review required for construction of those improvements on their newly purchased site with the City of Seattle as lead agency.

In the case of Lot 5, Seattle Center proposes to sell approximately 7,200 sq ft of land located at 133 Warren Avenue N. to Warren Avenue Properties LLC, which also hold the adjacent lot. It

CITY CLERK

is expected that Lot 5 and the adjacent lot may be combined and developed as housing with neighborhood commercial use consistent with land-use requirements. However, there is no information currently available for the development site improvements, as conceptual stages of design have not yet begun. When plans reach the stage where environmental analysis can occur, the purchaser is responsible for all permitting and environmental review required for construction of those improvements on their newly purchased site with the City of Seattle as lead agency.

Redevelopment of these sites for multi-family residential and mixed commercial use furthers growth objectives of the City's Comp Plan and the Uptown Urban Center.

Until such time as the properties are under active redevelopment, they will both remain in use as public parking facilities. The legislation authorizes the Seattle Center Director to enter into agreements whereby Seattle Center would continue to operate the lots, but the purchasers will have the option to contract with a private operator if they prefer to do so. Under the terms of the proposed temporary leaseback of the property for use as an interim parking facility, Seattle Center would retain 30 percent of gross proceeds from the parking lot, and remit 70 percent of the proceeds to the purchaser. Seattle Center estimates that this revenue split will more than offset Seattle Center costs for continuing to operating one or both of these lots.

Use of Sale Proceeds

The estimated cost of the sales of Lots 4 and 5 is a combined $241,000; the Lot 4 legislation appropriates this amount, subject to close of the sales, as a reimbursable appropriation from the Cumulative Reserve Subfund -- Unrestricted Subaccount (Fund 11650) to the Lot 4 Site Development Project (S9907), an existing Seattle Center CIP project. Upon closing, sale proceeds will first reimburse the CRF, with net proceeds over costs deposited to the Seattle Center Operating Fund. Use of any net proceeds in excess of revenues budgeted in the Adopted 2005-06 Budget shall be reviewed and recommended in the 2006 budget. Table 1 below reflects use of the sales proceeds:

Table 1 – Lot 4 and 5 Sale – Use of Proceeds

$6,700,000	Purchase Price for Lot 4
$890,000	Purchase Price for Lot 5
$7,590,000	**TOTAL PROCEEDS**
	Costs of Sale
($185,000)	Real estate Broker's Fee
($12,000)	Environmental/SEPA review
($45,000)	Real Estate, Closing, and Project Management Costs
($241,000)	**TOTAL COSTS OF SALE**

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$7,349,000 NET SALE PROCEEDS – LOTS 4 AND 5

In incorporating the sale of Lots 4 and 5 into the Adopted 2005-06 Budget, the Center anticipated loss of approximately $100,000 in parking revenues from these two sites, assuming that a portion of the business will be captured by other Seattle Center parking facilities.

3. Schedule

The P&SAs have been signed by all parties, subject to approval by the City Council. Due Diligence has been completed and the City's Environmental Review of the sale of property in public use and changes to the Seattle Center Master Plan has been completed. Closing on both Lots 4 and 5 is scheduled to occur no later than ninety (90) days after the expiration of the Due Diligence Period ("Closing"), or no more than ten (10) days following City Approval, whichever is the earlier event to occur. We project Closing to occur during August under this provision from the P&SA.

- *Please check one of the following:*

___ **This legislation creates, funds, or anticipates a new CIP Project.**

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

_X_ **This legislation has financial implications.** *(Please complete all relevant sections that follow.)*

Appropriations: *This table should reflect appropriations that are a direct result of this legislation. In the event that the project/ programs associated with this ordinance have appropriations that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below.*

Fund Name and Number	Department	Budget Control Level*	2005 Appropriation	2006 Anticipated Appropriation
Cumulative Reserve Subfund – Unrestricted Subaccount (11650)	Seattle Center – Capital Improvement Program	Lot 4 Site Development Project (S9907)	$241,000	$0
TOTAL			**$241,000**	**$0**

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

Notes: This is a reimbursable appropriation from the Cumulative Reserve Subfund – Unrestricted Subaccount for costs of the sale and will be reimbursed from the proceeds of the sale following Closing. The appropriation is contingent upon close of the Lot 4 sale.

Anticipated Revenue/Reimbursement: Resulting From This Legislation: *This table should reflect revenues/reimbursements that are a direct result of this legislation. In the event that the issues/projects associated with this ordinance/resolution have revenues or reimbursements that were, or will be, received because of previous or future legislation or budget actions, please provide details in the Notes section below the table.*

Fund Name and Number	**Department**	**Revenue Source**	**2005 Revenue**	**2006 Revenue**
Cumulative Reserve Subfund --Unrestricted Subaccount (Fund 11650)	Seattle Center	Proceeds of Property Sale	$241,000	
Seattle Center Operating Fund (11410)	Seattle Center	Proceeds of Property Sale	$7,349,000	
TOTAL			**$7,590,000**	

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Total Regular Positions Created Or Abrogated Through This Legislation, Including FTE Impact: *This table should only reflect the actual number of positions created by this legislation. In the event that positions have been, or will be, created as a result of previous or future legislation or budget actions, please provide details in the Notes section below the table.*

Position Title and Department*	Fund Name	Fund Number	Part-Time/ Full Time	2005 Positions	2005 FTE	2006 Positions**	2006 FTE**
None							
TOTAL							

- *List each position separately*

*** 2006 positions and FTE are total 2006 position changes resulting from this legislation, not incremental changes. Therefore, under 2006, please be sure to include any continuing positions from 2005*

Notes:

None.

- **What is the financial cost of not implementing the legislation?** *(Estimate the costs to the City of not implementing the legislation, including estimated costs to maintain or expand an existing facility or the cost avoidance due to replacement of an existing facility, potential conflicts with regulatory requirements, or other potential costs if the legislation is not implemented.)*

  Failure to approve the legislation would result in voiding the proposed Purchase and Sale Agreements for Lots 4 and 5. The City would lose the net proceeds projected from the sale, resulting in a $6.4 million increase to Seattle Center's operating budget deficit.

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?** *(Include any potential alternatives to the proposed legislation, such as reducing fee-supported activities, identifying outside funding sources for fee-supported activities, etc.)*

  Short of an appropriation of General Fund equal to the net sales proceeds from sale of the two parking lots, there are not readily available alternatives that would enable Seattle Center to meet the revenue targets assumed in the 2005-06 Adopted Budget. Without meeting the revenue targets for the property sales, Seattle Center's 2005 finances would end in a deficit and add to the accumulated operating deficit.

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- **Is the legislation subject to public hearing requirements:** *(If yes, what public hearings have been held to date, and/or what plans are in place to hold a public hearing(s) in the future.)*

  No.
- **Other Issues** (*including long-term implications of the legislation*):

  None

Please list attachments to the fiscal note below:

Attachment 1: Site Maps – Lot 4 and Lot 5

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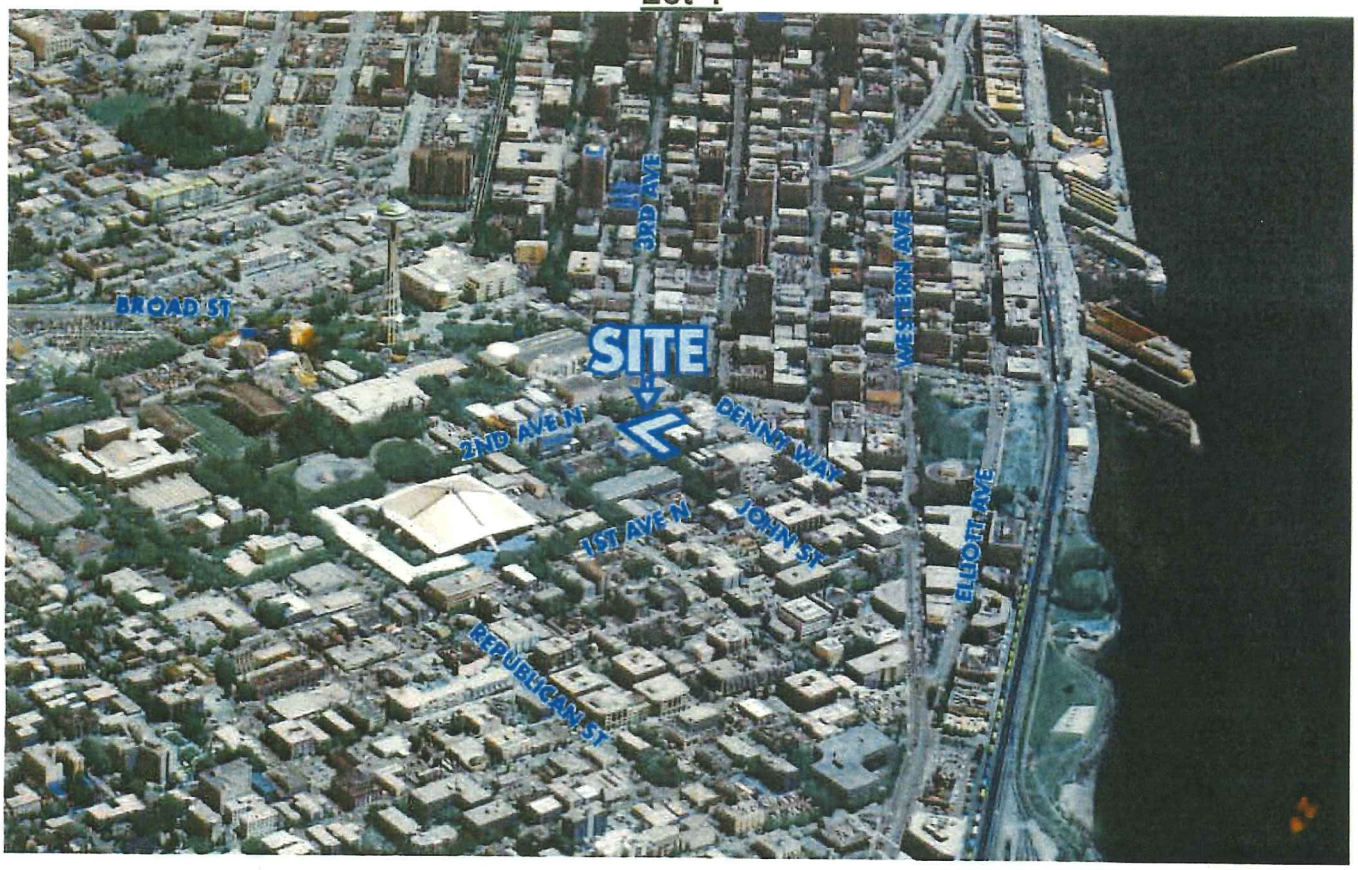
Lot 4



Lot 5

PDP CITY CLERK

City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

May 24, 2005

Honorable Jan Drago
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Drago:

I am pleased to transmit two proposed Council Bills authorizing the sales of Seattle Center Parking Lots 4 and 5, as contemplated in the City's 2005 Adopted Budget. While these two proposed property sales were managed together, they involve two different purchasers, so there are two separate Council Bills, each authorizing a Purchase and Sale Agreement, one for Lot 4 and one for Lot 5. The legislative packets share the same fiscal note and cover letter.

Parking Lots 4 and 5 are owned by Seattle Center, but are not contiguous to the campus. Lot 4 is a 36,000 square foot, 105 stall surface parking lot one block west of the Pacific Science Center. Lot 4 is a 7,200 square foot, 28 stall surface parking lot one block further to the west. Both properties have been determined not to be necessary for Seattle Center's program needs or parking capacity. Sale of these peripheral parking lots was contemplated in the 2005-6 Adopted Budget, as part of Seattle Center financial sustainability plans, with projected net sale proceeds of $6.4 million included among the adopted revenues to the Seattle Center Operating Fund. Seattle Center, through a real estate broker, solicited and received multiple proposals for each property, and the final, negotiated purchase prices, $6.7 million for Lot 4 and $890,000 for Lot 5, came in above target in both cases. Costs of sale are estimated at $241,000. The Lot 4 sale legislation includes an appropriation from the Cumulative Reserve Fund, to be reimbursed with sale proceeds, to cover the costs of sale for both Lots 4 and 5. Use of net proceeds in excess of budgeted revenues will be reviewed and recommended in the 2006 Budget.

Both sites are expected to be developed for multi-family residential and mixed commercial use. This redevelopment of surface parking lots furthers the growth objectives of the City's Comprehensive Plan and the Uptown Urban Center. In addition, the sales of these properties are key to achieving the adopted revenue totals in Seattle Center's 2005-6 budget. Thank you for your consideration of this legislation. Should you have questions, please contact Shelly Yapp at 615-1729.

Sincerely,

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

600 Fourth Avenue, 7th Floor, P.O. Box 94749, Seattle, WA 98124-4749
Tel: (206) 684-4000, TDD: (206) 684-8811 Fax: (206) 684-5360, E:mail: mayors.office@seattle.gov
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STATE OF WASHINGTON – KING COUNTY

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187238 No. TITLE ONLY

CITY OF SEATTLE,CLERKS OFFICE

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

CT:121835 & 121836

was published on

06/27/05

The amount of the fee charged for the foregoing publication is the sum of $ 46.38, which amount has been paid in full.

Subscribed and sworn to before me on

06/27/05

Notary public for the State of Washington,
residing in Seattle

JENNIFER A. PATZER
COMMISSION EXPIRES
NOTARY
PUBLIC
STATE OF WASHINGTON

Affidavit of Publication

City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

May 24, 2005

Honorable Jan Drago
President
Seattle City Council
City Hall, 2nd Floor

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CITY CLERK

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on June 20, 2005, and published here by title only, will be mailed upon request, or can be accessed electronically at http://clerk.ci.seattle.wa.us. For further information, contact the Seattle City Clerk at 684-8344.

ORDINANCE NO. 121835

AN ORDINANCE relating to Seattle Center; authorizing the sale and temporary leaseback of real property at the southwest corner of 2nd Avenue North and John St, commonly known as Seattle Center Parking Lot 4 ("Property"); providing for the deposit of sale proceeds; and making a reimbursable appropriation to pay for sale-related costs; and, declaring the Property exempt from Resolution 29799.

ORDINANCE NO. 121836

AN ORDINANCE relating to Seattle Center; authorizing the sale and temporary leaseback of real property at 133 Warren Avenue North, commonly known as Seattle Center Parking Lot 5 ("Property"); providing for the deposit of sale proceeds; and, declaring the Property exempt from Resolution 29799.

Publication ordered by JUDITH PIPPIN, City Clerk.

Date of publication in the Seattle Daily Journal of Commerce, June 27, 2005.

6/27(187238)