

Ordinance No. 123353

Council Bill No. 116896

AN ORDINANCE authorizing the Executive Director of the Seattle City Employees' Retirement System to execute a lease amendment with LHT Corporation for office space in the Pacific Building, 720 Third Avenue in Seattle.

CF No. _____

Date Introduced:	<u>6-28-10</u>	
Date 1st Referred:		To: (committee) <u>Finance + Budget</u>
Date Re - Referred:		To: (committee)
Date Re - Referred:		To: (committee)
Date of Final Passage:	<u>7-19-10</u>	Full Council Vote: <u>9-0</u>
Date Presented to Mayor:	<u>7-20-10</u>	Date Approved: <u>July 27, 2010</u>
Date Returned to City Clerk:	<u>July 28, 2010</u>	Date Published: <input checked="" type="checkbox"/> T.O. <input type="checkbox"/> 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: _____

Councilmember

Committee Action:

Do pass - Y- JG, M'OB

7-12-10 Held 1 week

7-19-10 Passed 9-0

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

Law Department

Law Dept. Review

OMP
Review

City Clerk
Review

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ORDINANCE 123353

AN ORDINANCE authorizing the Executive Director of the Seattle City Employees' Retirement System to execute a lease amendment with LHT Corporation for office space in the Pacific Building, 720 Third Avenue in Seattle.

WHEREAS, Ordinance number 121766 authorized the Seattle City Employees' Retirement System to execute a lease agreement with LHT Corporation for office space in the Pacific Building; and

WHEREAS, the Seattle Employees' Retirement System continues to require office space to perform its operations and will require such space for the foreseeable future; and

WHEREAS, the Pacific Building is an ideal location for the operations of the Seattle Employees' Retirement System;

WHEREAS, the City has concluded negotiations resulting in an amendment to extend the current lease for an additional eleven year term, relocate to a new floor into newly renovated office space, and provide for two additional renewal options of five years each; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:


Section 1. As requested by the Retirement Board and Executive Director of the Seattle City Employees' Retirement System, said Director is hereby authorized to execute a lease amendment with LHT Corporation, substantially in the form of Exhibit "1" attached hereto, and providing for occupancy by the City of Seattle of a portion of the real property commonly known as 720 Third Avenue, Seattle, Washington.

Section 2. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 3. 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.

Passed by the City Council the 19th day of July, 2010, and signed by me in open session in authentication of its passage this

19th day of July, 2010.



President _____ of the City Council

Approved by me this 27th day of July, 2010



Michael Patrick McGinn, Mayor

Filed by me this 28th day of July, 2010.



City Clerk

(Seal)

Attachments – Exhibit 1 – SCERS Lease Agreement Amendment 2010

FIRST AMENDMENT TO LEASE

This First Amendment ("Amendment") is made as of the date of last signature below by **PACIFIC BUILDING PARTNERS LLC**, a Washington limited liability company ("**Landlord**"), and **THE CITY OF SEATTLE**, a municipal corporation of the State of Washington, acting by and through the **SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM** ("**Tenant**").

RECITALS:

Pursuant to a Lease between LHT Corporation, a Washington corporation ("**Original Landlord**"), as landlord, and Tenant, as tenant, dated as of April 8, 2005 (the "**Lease**"), Original Landlord leased to Tenant certain premises having an agreed area of 8,226 rentable square feet (the "**Existing Premises**") located on the 10th floor of the building commonly known as Pacific Building (the "**Building**"), located at 720 Third Avenue in Seattle, Washington. The Existing Premises are commonly referred to as Suite 1000 of the Building and consist of the entire 10th floor of the Building. The Existing Premises and the Building are more particularly described in the Lease. Capitalized terms used in this Amendment and n **FIRST AMENDMENT TO LEASE**

This First Amendment ("Amendment") is made as of the date of last signature below by **PACIFIC BUILDING PARTNERS LLC**, a Washington limited liability company ("**Landlord**"), and **THE CITY OF SEATTLE**, a municipal corporation of the State of Washington, acting by and through the **SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM** ("**Tenant**").

RECITALS:

A. Pursuant to a Lease between LHT Corporation, a Washington corporation ("**Original Landlord**"), as landlord, and Tenant, as tenant, dated as of April 8, 2005 (the "**Lease**"), Original Landlord leased to Tenant certain premises having an agreed area of 8,226 rentable square feet (the "**Existing Premises**") located on the 10th floor of the building commonly known as Pacific Building (the "**Building**"), located at 720 Third Avenue in Seattle, Washington. The Existing Premises are commonly referred to as Suite 1000 of the Building and consist of the entire 10th floor of the Building. The Existing Premises and the Building are more particularly described in the Lease. Capitalized terms used in this Amendment and not defined in this Amendment shall have the meanings given to them in the Lease.

B. Landlord purchased the Building from Original Landlord and is the current holder of Original Landlord's interests under the Lease.

C. The Term of the Lease expired on April 30, 2010 and has continued on month-to-month basis. Subject to the terms and conditions of this Amendment, Landlord and Tenant have agreed to reinstate the Lease, extend the Term and relocate Tenant to premises located on the 9th floor of the Building, also having an agreed area of 8,226 rentable square feet, and consisting of the entire 9th floor of the Building (the "**Substitute Premises**"). The Substitute Premises are more particularly shown on the floor plan attached to this Amendment as Exhibit A.

AGREEMENT:

In consideration of the mutual covenants and promises in this Amendment, and in the Lease, Landlord and Tenant agree as follows:



1. Substitution of Premises. Effective as of the "Relocation Date" (defined below), Tenant will vacate and surrender possession of the Existing Premises to Landlord in accordance with the terms of the Lease and Tenant will take occupancy of the Substitute Premises. From and after the Relocation Date, all references in the Lease to the "Premises" shall mean the Substitute Premises. Effective as of the Relocation Date, the floor plan of the Substitute Premises attached to this Amendment as Exhibit A shall replace the floor plan of the Existing Premises attached to the Lease as Exhibit B. For purposes of this Amendment, the term "**Relocation Date**" means the first to occur of the following events: (i) four (4) business days after Landlord notifies Tenant that the "Tenant Improvements" (as defined in Paragraph 7 below) are substantially complete, or (ii) the date on which Tenant opens for business in the ordinary course in the Substitute Premises. The estimated Relocation Date is September 1, 2010 (the "**Estimated Relocation Date**"). If Landlord is unable to deliver possession of the Substitute Premises to Tenant, with the Tenant Improvements substantially completed, on the Estimated Relocation Date, Landlord shall not be liable for any damage caused by failing to deliver possession and this Lease shall not be void or voidable. For purposes of this Amendment, the term "**substantially complete**" means the completion of the Tenant Improvements, subject to completion or correction of "punch list" items that are of such a nature that they do not materially interfere with or impair Tenant's use of the Premises as general business offices. Until the Relocation Date, all terms and conditions of the Lease and this Amendment will apply to Tenant's use and occupancy of the Existing Premises, except the substitution of the floor plan and legal description of the Premises, which will only be effective as of the Relocation Date.

2. Lease Term. The Term of the Lease is hereby extended for a period of one hundred thirty two (132) months, commencing on September 1, 2010, and expiring on August 31, 2021 (the "**New Term**").

3. Rent. Effective on the first day of the New Term (September 1, 2010), the Base Rent payable by Tenant pursuant to the Lease during the New Term shall be as follows:

September 1, 2010 – August 30, 2012	\$6,855.00
September 1, 2012 – August 30, 2013	\$17,137.50
September 1, 2013 – August 30, 2014	\$17,480.25
September 1, 2014 – August 30, 2015	\$17,823.00
September 1, 2015 – August 30, 2016	\$18,165.75
September 1, 2016 – August 30, 2017	\$18,508.50
September 1, 2017 – August 30, 2018	\$18,851.25
September 1, 2018 – August 30, 2019	\$19,194.00
September 1, 2019 – August 30, 2020	\$19,536.75
September 1, 2020 – August 30, 2021	\$19,879.50

4. Base Year. During the New Term, the terms "Base Tax Year" and "Base Services Year" as used in the Lease shall mean calendar year 2010.

5. Options to Extend. Tenant shall have the option of extending the Term of the Lease up to two (2) times, for five (5) years each time, subject to the terms and conditions of Section 22 of Part B of the Lease, except as follows:

(a) The first Extended Term, if applicable, shall commence on September 1, 2021 and end on August 31, 2026, and the second Extended Term, if applicable, shall commence on September 1, 2026 and end on August 31, 2031.

(b) The Expiration Date in Section 22 (a) of Part B of the Lease will be August 31, 2021 (i.e. the Notice of Exercise must be given by the City between September 1, 2020 and November 1,

2020). Notice given by the City in the manner for providing notices under Section 15 of Part B of the Lease will be deemed received by Landlord on the business day immediately following the date of the City's Notice of Exercise.

(c) The Base Rent for any applicable Extended Term shall be ninety five percent (95%) of the Market Rate, as determined pursuant to Section 22 of Part B of the Lease.

(d) Paragraph (i) of the "Arbitration of Market Rate Disputes" paragraph in Section 22 of Part B is amended by deleting Tenant's right to withdraw its Notice of Exercise following the exchange and opening of the envelopes.

6. Termination Right. From and after the date of this Amendment, Tenant shall have the right to terminate the Lease pursuant to the terms of Paragraph 12(b) of Part B of the Lease, except as follows:

(a) If Tenant exercises its termination right after the execution of this Amendment but before September 1, 2010, the termination fee payable by Tenant shall be equal to the sum of (i) the amount payable by Tenant pursuant to Paragraph 12(b) of Part B of the Lease, and (ii) the amount of the fees and commissions paid to Tenant's Agent and Landlord's Agent pursuant to this Amendment, and the costs and expenses incurred by Landlord in designing and constructing the tenant improvements to the Substitute Premises pursuant to this Amendment.

(b) If Tenant exercises its termination right after the commencement of the New Term, the termination fee payable by Tenant under Paragraph 12 (b) of Part B of the Lease shall not apply; the termination fee shall be equal to the unamortized balance of (i) the fees and commissions paid to Tenant's Agent and Landlord's Agent pursuant to this Amendment, and (ii) the costs and expenses incurred by Landlord in designing and constructing the improvements to the Substitute Premises to be made by Landlord pursuant to Paragraph 7 of this Amendment, such costs to be amortized over the New Term at an interest rate of eight percent (8%) per annum.

7. Tenant Improvements to Substitute Premises. As soon as reasonably possible following the full execution of this Amendment, Landlord at Landlord's expense shall make the following improvements to the Substitute Premises (the "**Tenant Improvements**"):

(a) Landlord shall make the Tenant Improvements to the Substitute Premises described in the space plan and work letter prepared by Burgess Design dated February 5, 2010, a copy of which is attached to this Amendment as Exhibit B (the "**Space Plan**"), and the February 5, 2010 Burgess Design work letter and February 10, 2010 Davis Schueller bids attached as Exhibit C. The Tenant Improvements will include the installation of new energy efficient lights. In addition, Landlord shall supply and install in the Premises the workstations previously toured by Tenant. Such workstations shall be installed substantially as shown on the Space Plan. Except for the installation of the new energy efficient lights, the Tenant Improvements will be substantially complete prior to the Relocation Date. The timing for the installation of the new energy efficient lights is dependent on the terms of a rebate agreement between Landlord and Seattle City Light, which is in the process of being finalized by Seattle City Light and may or may not result in delays in the installation of such lights.

(b) Landlord will be solely responsible for paying all fees for architecture, engineering and construction of the Tenant Improvements, including Landlord's project management fees. Landlord will construct the Tenant Improvements in accordance with applicable laws and regulations, including the ADA.



(c) Landlord will notify Tenant when the Tenant Improvements are substantially complete. Within four (4) business days after receiving such notice, and prior to move-in of any furniture, fixtures or equipment, Tenant shall inspect the Substitute Premises for any deficiencies in the Tenant Improvements. A "punchlist" of all the deficiencies in the Tenant Improvements shall be prepared and agreed upon by both Landlord and Tenant. Landlord will correct defective items stated in the punchlist which are the responsibility of Landlord or its contractor. If Tenant does not so provide Landlord with a punchlist prior to occupying the Substitute Premises, Tenant shall be deemed to have accepted the Substitute Premises and the Tenant Improvements in their then present condition, except for latent defects not reasonably discoverable upon an inspection. The existence of punchlist items shall not postpone the Relocation Date or result in a delay or abatement of Tenant's obligation to pay rent or give rise to a damage claim against Landlord. Landlord agrees to complete all punchlist items which are the responsibility of Landlord or its contractor within thirty (30) days after receiving the final punchlist (or longer if reasonably necessary).

8. Landlord's Address for Notices. The address for notices to Landlord pursuant to the Lease shall be as follows:

Landlord:

Pacific Building Partners LLC
c/o Robert C. MacAulay
Meriwether Partners LLC
1191 Second Avenue, Suite 1570
Seattle, WA 98101

With a copy to:

Pacific Building Partners LLC
c/o Pinnacle Realty
810 Third Avenue, Suite 140
Seattle, WA 98104

9. Landlord's Address for Payment of Rent. The address for the payment of rent to Landlord shall be as follows:

Pinnacle Realty
810 Third Avenue, Suite 140
Seattle, WA 98104
Attention: Ms. Tamara Genzale, Property Manager

10. Sublease and Assignment Rights. Tenant shall have the right to sublease the Premises or assign the Lease with Landlord's consent, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall pay to Landlord the amount of Landlord's reasonable costs of processing each proposed assignment or subletting, including without limitation, reasonable attorneys' and other professional fees. In the event of any assignment or sublease, Landlord shall be entitled to receive, as Additional Rent, one-half (1/2) of any consideration paid by the assignee or subtenant for the assignment or sublease and, in the case of sublease, the excess of the amount of rent paid for the sublet space by the subtenant over the total amount of Base Rent and other rent payable by Tenant under the Lease, less the costs and expenses reasonably incurred by Tenant in connection with the sublease or assignment.



11. Key Cards. Landlord will provide up to twenty five (25) key cards to Tenant for use with the Building's security system during the Term of the Lease, at no cost to Tenant. If space leased by Tenant pursuant to the Lease increases, the number of key cards will increase proportionately.

12. Parking. In addition to the parking to be made available to Tenant pursuant to Section 23 of Part B of the Lease, Landlord will make available to Tenant, at no charge during the New Term (but at a fair market rate during any applicable Extended Term), one (1) parking stall in the Building garage which will be designated as being reserved for the exclusive use of Tenant.

13. Miscellaneous Amendments. The following provisions in the Lease are no longer applicable and are hereby deleted from the Lease:

- (a) The first four sentences of Paragraph 11(a) of Part B of the Lease.
- (b) Exhibit C to the Lease.

14. Lease Status. Tenant hereby represents, warrants and agrees that as of the date of execution of this Amendment: (a) to Tenant's knowledge, there exists no breach, default or event of default by Landlord under the Lease, or any event or condition which, with notice or passage of time or both, would constitute a breach, default or event of default by Landlord under the Lease; and (b) to Tenant's knowledge, Tenant has no current offset or defense to its performance or obligations under the Lease.

15. No Other Changes. Except as expressly modified or amended by this Amendment, all of the terms and conditions of the Lease shall remain unchanged and in full force and effect. To the extent any of the terms or conditions of the Lease conflict with any of the terms or conditions of this Amendment, this Amendment shall control.

16. Brokers. Tenant represents and warrants to Landlord it has dealt with no real estate brokers or salespersons in connection with this Amendment, other than Lloyd Low, Tim Foster and Jeff Huntington of GVA Kidder Mathews, who represent Landlord (collectively, "**Landlord's Agent**"), and Daniel Flinn of Flinn Ferguson, who represents Tenant (collectively, "**Tenant's Agent**"). Landlord shall pay Landlord's Agent such fees or commissions as are due and payable to Landlord's Agent as set forth in a separate agreement between Landlord's Agent and Landlord. Landlord also shall pay Tenant's Agent a real estate consulting fee per a separate agreement which shall be due and payable upon the execution and delivery of this Amendment by both Landlord and Tenant. Each party agrees to indemnify and hold the other party harmless from and against any and all liability, costs, damages, causes of action or other proceedings instituted by any broker, agent or finder, licensed or otherwise, other than Landlord's Agent or Tenant's Agent claiming through, under or by reason of the conduct of the indemnifying party in any manner whatsoever in connection with this Amendment.

17. Miscellaneous. There are no oral or side agreements between Landlord and Tenant affecting this Amendment and this Amendment contains the entire agreement of the parties with respect to the subject matter herein contained. The Lease, including this Amendment, may not be modified or amended except by a writing executed by Landlord and Tenant. This Amendment may be executed in counterparts, all of which shall constitute one and the same agreement, shall be governed by and construed according to the laws of the State of Washington, and shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.



DATED as of the date of last signature below.

LANDLORD:

PACIFIC BUILDING PARTNERS LLC, a
Washington limited liability company

By: **Pacific Building Manager LLC**, a Washington
limited liability company, Its Manager

By: _____

Its: _____

TENANT:

THE CITY OF SEATTLE, a municipal corporation
of the State of Washington, acting by and through the
**SEATTLE CITY EMPLOYEES' RETIREMENT
SYSTEM**

By: _____

Name: _____

Title: Executive Director-Seattle City Employees'
Retirement System

Authorizing Ordinance No. _____



[illegible]

On this _____ day of _____, 2010, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared _____, known to me to be the _____ of **Pacific Building Manager LLC**, a Washington limited liability company, the Manager of **PACIFIC BUILDING PARTNERS LLC**, a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

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

Signature

Print Name _____

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



STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this _____ day of _____, 2010, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared _____, known to me to be the Executive Director-Seattle City Employees' Retirement System of **THE CITY OF SEATTLE**, a municipal corporation of the State of Washington, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the purposes therein mentioned, and on oath stated that he/she was authorized to execute said instrument.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

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

Signature

Print Name

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



EXHIBIT A

Floor Plan of Substitute Premises

[Pending final drawings]

EXHIBIT B

Space Plan from Burgess Design dated

[Pending final drawings]

EXHIBIT C

Davis Schueller Proposal



June 9, 2009

Mr. Rob MacAulay
Pacific Building Partners LLC
1191 Second Avenue, Suite 1570
Seattle, WA 98101

RE: Pacific Building
9th Floor City of Seattle
Tenant Improvement
Budget Pricing

Dear MacAulay

Davis Schueller, Inc. would like to thank you for the opportunity to submit a proposal to perform the work described below.

- This proposal is based on our conversation, site visit and plan received from Burgess Design dated 8-13-09
- This proposal is based on completing work after regular business hours
- No allowance has been made for a Building Permit, Prevailing Wages, Parking or Low Voltage Wiring
- This proposal includes:

General Conditions 5,470.00

- a. Supervision
- b. Safety
- c. Final Clean

Demolition 16,825.00

- a. Remove and dispose of approximately 323' of floor to ceiling wall
- b. Remove and dispose of approximately 400 s/f of existing GWB ceiling at large conference room
- c. Cut openings for new suite entry door at elevator vestibule
- d. Remove and salvage existing doors and frames
- e. Remove and dispose of existing carpet and base
- f. Dump Fees
- g. Common Area Protection



- h. Elevator protection

Rough Carpentry 1,300.00

- a. Furnish and install non combustible wood bucks at new door and relite openings
- b. Furnish and install (2) 24' x 8' sheets of non-combustible plywood at server room

Insulation 1,760.00

- a. Furnish and install R-11 sound insulation in new walls

Wood Doors 11,270.00

- a. Furnish and install (5) building standard doors oak and frames at new conference rooms and offices
- b. Relocate (7) existing doors and frames
- c. Furnish and install (2) sets of 3 way by pass doors and frames at large corner offices
- d. Furnish and install (1) set of bi fold doors at reception area closet
- e. Furnish and install (5) 3' building standard relites with 1/4" clear tempered glass at new doors

Hardware 2,980.00

- a. Furnish and install (5) building standard lever locksets, hinges, and wall mounted door stops at new doors
- b. Furnish and install new door closures on suite entry doors
- c. Relocate existing hardware to accommodate new door and suite layout

GWB 15,760.00

- a. Furnish and install approximately 320' of floor to ceiling wall
- b. Furnish and install approximately 56' of 3/4 height wall in open office work area
- c. Patch where existing walls are removed
- d. Patch existing walls

Acoustical Treatment 1,200.00

- a. Furnish and install approximately 400 s/f of new Armstrong ceiling grid with owner supplied tile where existing GWB ceiling is removed

Carpet and Base 16,620.00

- a. Furnish and install approximately 840 s/y of Shaw Terra direct glue carpet
- b. Furnish and install approximately 932' of Roppe 4" rubber cove base
- c. Furnish and install approximately 225 s/f of Armstrong VCT
- d. Floor preparation (Allowance \$350.00)

Painting 6,960.00

- a. Paint new and existing walls with (2) coats of owner selected paint
- b. Stain and finish new doors and relites
- c. Touch up stain and lemon oil existing doors and frames

Manufactured Casework 13,620.00

- a. Furnish and install p-lam lower credenza style cabinets at small conference room
- b. Furnish and install p-lam lower credenza style cabinets at board room
- c. Furnish and install p-lam lower credenza style cabinets at new conference room

- d. Furnish and install p-lam lower cabinets at open work area
- e. Furnish and install p-lam upper and lower cabinets at kitchen area

Plumbing 2,720.00

- a. Remove and dispose of existing sink and faucet at (2) locations
- b. Furnish and install (1) 22" x 25" stainless steel sink with gooseneck faucet
- c. Furnish and install (1) dishwasher
(Allowance \$650.00 installed)
- d. Relocate existing plumbing approximately 20' from existing location to accommodate new kitchen layout
- e. Core drill for new plumbing location

Electrical 18,410.00

- a. Demo electrical from walls to be removed
- b. Re-work the existing lighting circuits for the new configuration
- c. Install (11) switches with eight (8) occupancy sensors
- d. Install (6) new 2 x 4 light fixtures where the GWB ceiling will be removed
- e. Install (3) day-light sensors
- f. Install (1) set of three-way switches for the board room
- g. Relocate (42) existing 2 x 4 light fixtures
- h. Install (3) receptacles for connection to furniture partitions on west wall
- i. Install (3) power drops on existing walls for connection to furniture partitions
- j. Install (3) duplex receptacles above the new casework at approx. 42" AFF for printers
- k. Install (23) general purpose duplex receptacles
- l. Install (2) 20 amp 120 volt dedicated circuits for the copiers
- m. Install (4) 20 amp 120 volt dedicated circuit for the Kitchen
- n. Install (1) 20 amp 120 volt dedicated circuit for the Server Room
- o. Relocate (3) alarm devices
- p. Relocate (1) existing electrical transformer and panel
- q. Install (22) phone/data drops with mudring and pullstring

Subtotal \$114,895.00

Contractors Fee @ 10% 11,490.00

Total \$126,385.00

It is our pleasure to submit a cost of **One Hundred Twenty Six Thousand Three Hundred Eighty Five Dollars (\$126,385.00)** plus applicable sales tax, to provide labor, material, and equipment to perform the work outlined.

Alternate #1 (ADD \$390.00)

Install owner provided modular electrical components in the base of the fourteen (14) furniture partitions

Please call if you have any questions.

Sincerely,

Bill Haskett

Bill Haskett
DAVIS SCHUELLER INC.

Approved



EXHIBIT D

Davis Schueller Proposal - Upgrades



September 24, 2009

Mr. Rob MacAulay
Pacific Building Partners LLC
1191 Second Avenue, Suite 1570
Seattle, WA 98101

RE: Pacific Building
Mechanical Floor Upgrades
Budget Pricing

Dear Mr. MacAulay

Davis Schueller, Inc. would like to thank you for the opportunity to submit a proposal budget pricing the work described below.

- This budget pricing is based on our conversation and site visit
- This budget pricing is based on completing work during regular business hours on vacant floors during tenant improvements
- No allowance has been made for a Building Permit, Fire Alarm or Sprinkler Upgrades
- This proposal includes:

General Conditions 6,070.00

- d. Supervision
- e. Safety
- f. Floor Protection
- g. Closeout Manual
- h. Final Clean

Demolition 3,500.00

- i. Disposal of existing mechanical ducting, zone barrier, wall and ceiling tile

Acoustical Treatment 23,460.00

- b. Remove and dispose of existing ceiling tile
- c. Furnish and install building standard ceiling tile, seismic upgrade existing ceiling and install up to (40) light tents to replace existing light tents

HVAC 79,990.00

- a. Furnish and install VAV, ducting, supply diffusers and return air grilles to match building standard layout on 11th floor

Electrical 14,490.00

- r. Disconnect (4) existing KD heaters
 - s. Hook up (7) 480/277 VAV boxes
- (Note: This proposal assume that sufficient power is available for installation of new VAV boxes after disconnecting the existing KD heaters)

Subtotal \$127,510.00

Contractors Fee @ 10% 12,751.00

Total \$140,261.00

It is our pleasure to submit budget pricing of **One Hundred Forty Thousand Two Hundred Sixty One Dollars (\$140,261.00)** plus applicable sales tax, to provide labor, material, and equipment to perform the work outlined.

Please call if you have any questions.

Sincerely,

Bill Haskett

Bill Haskett
DAVIS SCHUELLER INC.

Approved



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Seattle City Employees' Retirement System	Cecelia M. Carter/5-1423	Greg Hill / 4-8049

Legislation Title: AN ORDINANCE authorizing the Executive Director of the Seattle City Employees' Retirement System to execute a lease amendment with LHT Corporation for office space in the Pacific Building, 720 Third Avenue in Seattle.

• **Summary of the Legislation:**

This legislation authorizes the Executive Director of the Seattle City Employees' Retirement System (SCERS) to enter into a lease amendment extending the term of the lease for eleven years, and relocating SCERS offices from the 10th floor to the 9th floor, maintaining the size of their current offices. Tenant improvements, as agreed to by SCERS and detailed in the lease, will be paid for by the Lessor.

• **Background:**

In 2005, Ordinance 121766 authorized the lease of approximately 8,226 square feet of office space in the Pacific Building from LHT Corporation for occupancy by SCERS. This is an ideal location for SCERS as it is familiar to retirees who make office visits and attend Retirement Board meetings. Additionally, the detached nature of this location provides privacy for active employees to address retirement questions.

An eleven-year lease extension has been negotiated with the landlord which reduces the initial monthly rent due to and increased period over which the tenant improvements may be amortized by the landlord. The landlord is responsible for providing the space in "turn-key" condition, including the installation of new energy efficient lights and HVAC.

The negotiated rental rate for the first two years is \$10.00 per square foot, increasing gradually over time thereafter to \$29.00 per square foot in the eleventh year. Consistent with typical lease provisions, the rental rates for the two, five-year extension options will be negotiated at fair market rental rates if and when the options are exercised.

This lease provides initial annual savings to SCERS of about \$70,000 by reducing the rental rate from \$18.50 per square foot to \$10.00 per square foot, while at the same time insulating SCERS from potential spikes in rental rates over the next eleven years.

SERS is responsible for an estimated \$91,000 to move to the new space, including the cost of phone and data cabling.

x **This legislation has financial implications.**

Appropriations:

Fund Name and Number	Department	Budget Control Level*	2010 Appropriation	2011 Anticipated Appropriation
TOTAL				

Notes: This legislation makes no new appropriations. Lease and moving costs will be paid from existing budget authority in the Employees' Retirement BCL (R1E00).

Anticipated Revenue/Reimbursement: Resulting From This Legislation: N/A

Total Regular Positions Created, Modified, Or Abrogated Through This Legislation, Including FTE Impact:

None.

Spending/Cash Flow: N/A

Notes:

- **What is the financial cost of not implementing the legislation?**

Failure to implement this legislation would cause the existing lease to continue on a month-to-month basis at existing rates which are \$8.50 per square foot (\$5,826.75 per month) higher. Further, leasing other office space of a similar size and quality in this neighborhood would likely increase the annual rent paid by SCERS.

- **Does this legislation affect any departments besides the originating department?**

No

- **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

Leasing a similar space would be the only alternative that could achieve similar objectives. This would be at a cost higher than that proposed in this lease.

- **Is the legislation subject to public hearing requirements:**

No

- **Other Issues:**
- **List attachments to the fiscal note below:**