

ORDINANCE No. 121934

COUNCIL BILL No. 115372

me

Richard B. McIver

The City of Seattle--Legislative Department

AN ORDINANCE authorizing the Fleets and Facilities Department to execute a lease agreement with 350, L.L.C. and Central Promoter LLC, on behalf of the Human Services Department.

Date Reported and Adopted

REPORT OF COMMITTEE

Honorable President:

Your Committee on _____

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

9/21/05 RSM, NL Motion passed 2-0

9-26-05 Passed 9-0

COMPTROLLER FILE No. _____

Introduced: <i>SEP - 6 2005</i>	By: McIVER
Referred: <i>SEP - 6 2005</i>	To: Finance & budget
Referred:	To:
Referred:	To:
Reported: <i>9-26-05</i>	Second Reading:
Third Reading: <i>9-26-05</i>	Signed: <i>9-26-05</i>
Presented to Mayor: <i>9-27-05</i>	Approved: <i>10/3/05</i>
Returned to City Clerk: <i>10/3/05</i>	Published: <i>Like 2 pp DPE me</i>
Vetoed by Mayor:	Veto Published:
Passed over Veto:	Veto Sustained:

Law Department

Committee Chair

9

me
(E)

ORDINANCE 121934

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3 AN ORDINANCE authorizing the Fleets and Facilities Department to execute a lease agreement
4 with 350, L.L.C. and Central Promoter LLC, on behalf of the Human Services
Department.

5 WHEREAS, Ordinance 121790 authorized the sale of the Alaska Building which has housed the
6 City's Human Services Department since 1989; and

7 WHEREAS, the Human Services Department programs that provide direct services to the public
8 (including programs for children, youth and senior citizens) can best serve the citizens of
Seattle in a location with excellent accessibility such as Third Avenue; and

9 WHEREAS, the City evaluated several proposals to provide office space in the vicinity of the
10 City Hall and the Seattle Municipal Tower, the best of which was from 350, L.L.C. and
11 Central Promoter LLC, for office space in the Central Building; and

12 WHEREAS, it is standard City practice for the Fleets and Facilities Department to procure leased
13 office space on behalf of the Human Services Department, pay rent to the landlord for
14 such leased space, and subsequently receive reimbursement from the Human Services
Department; and

15 WHEREAS, the proposed lease agreement carries a term of ten years as well as an optional five-
16 year extension period, and Seattle Municipal Code 3.18.200 requires City Council
17 approval for entry into any lease with a term in excess of five years, inclusive of any
extension periods; NOW, THEREFORE,

18 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

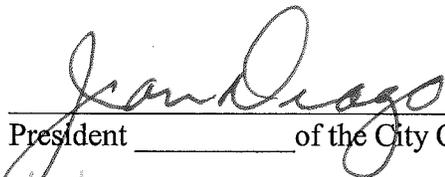
19 Section 1. As requested by the Fleets and Facilities Director and recommended by the
20 Mayor, said Director or his or her designee is hereby authorized to execute, for and on behalf of
21 the City of Seattle, a lease agreement with 350, L.L.C. and Central Promoter LLC, substantially
22 in the form of Exhibit "1" attached hereto, and providing for occupancy by the City of Seattle of
23 a portion of the real property commonly known as the Central Building, 810 Third Avenue,
24 Seattle, Washington.
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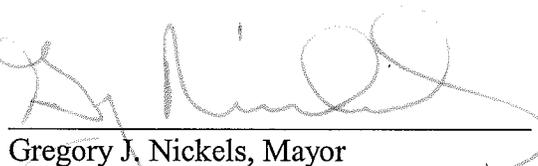
1 Section 2. Any act consistent with the authority and prior to the effective date of this
2 ordinance is hereby ratified and confirmed.

3 Section 3. This ordinance shall take effect and be in force thirty (30) days from and
4 after its approval by the Mayor, but if not approved and returned by the Mayor within ten (10)
5 days after presentation, it shall take effect as provided by Municipal Code Section 1.04.020.
6

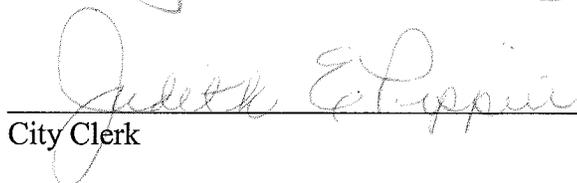
7
8 Passed by the City Council the 26th day of September, 2005, and signed by me in open
9 session in authentication of its passage this 26th day of September, 2005.
10

11
12 
13 President _____ of the City Council

14 Approved by me this 3rd day of October, 2005.

15
16 
17 Gregory J. Nickels, Mayor

18 Filed by me this 3rd day of October, 2005.

19
20 
21 City Clerk

22
23 (Seal)

24 Exhibit 1: Office Lease between 350, L.L.C. and Central Promoter LLC,
25 and the City of Seattle for the City's Human Services Department.
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City of Seattle

Gregory J. Nickels, Mayor

Office of the Mayor

August 15, 2005

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

Dear Council President Drago:

I am pleased to transmit the attached proposed Council Bill authorizing the Fleets and Facilities Department to execute a lease agreement for office space in the Central Building with 350, L.L.C. and Central Promoter LLC, on behalf of the Human Services Department. The Human Services Department (HSD) is currently housed in the Alaska Building, which was sold in early August, 2005. With the sale of the Alaska Building, as well as the Arctic Building, City tenants currently housed in those buildings are being relocated to the Seattle Municipal Tower and in leased space in the Third Avenue corridor. HSD's functions that provide direct services to the public (including programs for children, youth and senior citizens) can best serve the citizens of Seattle in a location with excellent accessibility, such as Third Avenue. Consequently, we have negotiated the proposed ten-year lease for 28,523 square feet in the Central Building.

FFD is responsible for handling the majority of leasing activities and tenant representation services for City departments, per the Seattle Municipal Code. While the FFD Director has authority to enter into certain leases, the SMC requires that leases for periods greater than five years be approved by the City Council, as is the case for this lease.

The Central Building was selected because of its excellent location, proximity to other City buildings and reasonable rental rates. We expect the building will serve the customers and employees of HSD very well for many years to come. Thank you for your consideration of this legislation. Should you have questions, please contact Hillary Hamilton at 684-0421 or Barbara Brannan at 684-0414.

Sincerely,

A handwritten signature in cursive script, appearing to read "Greg Nickels", written over a large, faint circular stamp.

GREG NICKELS
Mayor of Seattle

cc: Honorable Members of the Seattle City Council



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
FFD for HSD	Barbara Brannan/4-0414 Beverly Yapp/4-0117	Candice Chin/3-7014 Helen Welborn/3-7884

Legislation Title:

An ordinance authorizing the Fleets and Facilities Department to execute a lease agreement with 350, L.L.C. and Central Promoter LLC on behalf of the Human Services Department.

• **Summary of the Legislation:**

This legislation authorizes the Fleets and Facilities Department (FFD) to enter into a lease agreement on behalf of the Human Services Department for space in the Central Building, located at 810 Third Avenue in Seattle.

Background: The Human Services Department is currently housed in the Alaska Building, which was sold in early August, 2005. With the sale of the Alaska Building, as well as the Arctic Building, City tenants currently housed in those buildings are being addressed at the Seattle Municipal Tower and in leased space in the Third Avenue corridor. HSD functions that provide direct services to the public (including programs for children, youth and senior citizens) can best serve the citizens of Seattle in a location with excellent accessibility, such as Third Avenue. Consequently, we have negotiated the proposed ten-year lease for 28,523 square feet in the Central Building.

FFD is responsible for handling the majority of leasing activities and tenant representation services for City departments, per the Seattle Municipal Code. While the FFD Director has authority to enter into certain leases, the SMC requires that leases for periods greater than five years be approved by City Council, as is the case for this lease.

Lease Terms:

The estimated commencement date for the lease is October 15, 2005. As noted above, the initial lease term is ten years and includes a potential five-year extension period. The proposed cost for base rent is \$17 per square foot in the first year, rising one dollar per square foot annually over the lease term. Additionally, the lease provides that, beginning in 2006, rent will be adjusted annually to cover a pro rata share of increased building operating expenses. Consistent with typical lease provisions, the rental rates for the five-year extension option will be negotiated at fair market rental rates at time the option is exercised. As part of the lease agreement, the prospective landlord has agreed to complete tenant improvements necessary for HSD's occupancy at a cost to the prospective landlord of up to a total of or \$713,075, at the rate of \$25 per square foot.



- Please check one of the following:

This legislation does not have any financial implications.

This legislation has financial implications.

Appropriations:

N/A

Notes: This legislation does not increase appropriations. The 2005 cost of the lease and sufficient revenue to cover that cost are assumed in the Adopted 2005 Budget. Any necessary adjustment to appropriations required for the lease in 2006 will be addressed within 2006 Budget adjustments needed for the sale of the Arctic and Alaska Building, as contemplated in Council's authorizing of those transactions.

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

None.

Spending/Cash Flow:

Notes: As noted above, under "*Appropriations*," any necessary adjustment to the spending/cash flow will be addressed in the context of overall 2006 Budget adjustments needed for the sale of the Arctic and Alaska Building, as contemplated in Council's authorizing of those transactions.

What is the financial cost of not implementing the legislation? With the sale of the Alaska Building and its pending conversion to housing use, there is no option for the Human Services Department to remain in its current office space. There are no alternatives to leasing space that provide a comparable level of accessibility for HSD's clients.

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. HSD and FFD staff evaluated a number of buildings in the vicinity of City offices, and the Central Building offered the best space at the most competitive price.

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

No.

- **Other Issues** (including long-term implications of the legislation):

None identified.

Please list attachments to the fiscal note below:

None.

Exhibit 1

**LEASE AGREEMENT
PART A - SIGNATURE FORM**

ORIGINAL

PARTIES

THIS LEASE AGREEMENT, dated for reference purposes August 3, 2005, is made and entered into by and between **350, L.L.C.**, a Washington limited liability company, and **Central Promoter LLC**, a Washington limited liability company (hereinafter collectively referred to as the "Lessor"), and **The City Of Seattle** (hereinafter referred to as the "City"), a municipal corporation of the State of Washington. 350, L.L.C. and Central Promoter LLC are jointly and severally liable under this Lease.

PREMISES

The Lessor hereby leases to the City and the City hereby leases from the Lessor that certain real property comprising approximately 28,523 rentable square feet of space designated "Suite 400" as crosshatched on the attached Exhibit A (the "Premises"), located on the third and fourth floors of the Central Building, which is commonly known as 810 Third Avenue, Seattle, Washington, and legally described as follows:

That certain real property known as The Central Building, 810 Third Avenue, Seattle, Washington 98104, County of King, State of Washington.

Lots 1, 4, 5, and 8, in Block 26 of Addition to the Town of Seattle, as laid out on the Claims of C.D. Boren and A.A. Denny and H.L. Yesler (COMMONLY KNOWN AS C.D. BOREN'S ADDITION TO THE CITY OF SEATTLE), as per plat recorded in Volume 1 of Plats, on page 25, records of King County, Washington; EXCEPT the Southwesterly 9 feet condemned for 3rd Avenue.

Situate in the County of King, State of Washington.

The Central Building, of which the Premises form a part, and the real property on which it sits are collectively referred to herein as the "Property".

PURPOSES

The Premises shall be used for general and administrative office and school purposes by the **Human Services Department** or such entity's functional successor and for no other purpose without Lessor's prior written consent. Said consent shall not be unreasonably withheld; however, any other use must be consistent and compatible with tenants in a class B office building.

TERM

The Term of this lease shall be ten (10) years, commencing on October 15, 2005, and expiring on October 14, 2015.

BASE RENT

In consideration of this Lease Agreement and the Lessor's performance of all covenants and agreements contained herein, the City shall pay to the Lessor as the monthly base rental for said Premises, the indicated amount for each of the following respective months during the Term of this Lease Agreement.

<u>Period</u>	<u>Monthly Amount</u>
Year 1	\$40,407.58
Year 2	\$42,784.50
Year 3	\$46,349.88
Year 4	\$49,915.25
Year 5	\$53,480.63
Year 6	\$55,857.54
Year 7	\$58,234.46
Year 8	\$60,611.38
Year 9	\$62,988.29



Year 10

\$65,365.21

All rent is due within ten (10) calendar days after the first day of each month.

**SECURITY
DEPOSIT**

No Security Deposit is required under this Lease Agreement.

**UTILITIES AND
OTHER
SERVICES**

Notwithstanding the provisions of Part B, Section 3, hereof, the City shall pay for the following utilities and other services: Telephone, computer, and data cabling installation and service charges.

**PROPERTY
TAXES**

1. **Definition of Terms:** In addition to Base Rent, the City shall pay to Lessor increases under this section as Additional Rent. The increase(s) shall be made as provided herein, utilizing the following definitions:

(a) "Real Property Taxes" shall mean taxes on real property and personal property, including all the City's improvements that are paid for by Lessor and not reimbursed by any tenant(s) of the Building; charges and assessments levied with respect to the land, the Building, any improvements, fixtures, and equipment and all other property of Lessor, real or personal, used directly in the operation of the Building; and any taxes levied or assessed in addition to or in lieu of, in whole or in part, such real property taxes, or any other tax upon leasing of the Building or rents collected, but not including any federal or state income tax or franchise tax attributable to the Building.

(b) "Lease Year" shall mean the twelve (12) month period commencing January 1 and ending December 31.

(c) "Base Tax Year" shall mean the Lease Year 2005.

(d) "City's Share of Real Property Taxes" shall mean the amount of any increase in Real Property Taxes payable during any Lease Year by Lessor over the amount of Real Property Taxes payable during the Base Tax Year by Lessor multiplied by the City's Percentage of the Building, plus any Real Property Taxes attributable to Property of the City, if any.

(e) "City's Percentage of the Building" as used herein means the approximate number of rentable square feet in the Premises divided by the approximately 157,000 rentable square feet in the Building expressed as a percentage. The initial City's Percentage of the Building is 18.17%.

2. **Additional Rent for Estimated Increases in Lessor's Share of Real Property Taxes:** Within ninety (90) days after the commencement of each Lease Year (except the Base Tax Year), Lessor shall furnish the City with a written statement setting forth the estimated City's Share of Real Property Taxes for such Lease Year. One-twelfth (1/12) of the amount, if any, by which such estimated City's Share of Real Property Taxes exceeds the Real Property Taxes for the Base Tax Year shall be Additional Rent payable by the City as provided in this Lease Agreement for each month during such Lease Year.

3. **Actual Real Property Taxes:** Within ninety (90) days after the close of each Lease Year during the Term hereof, or as soon thereafter as practicable, Lessor shall deliver to the City a written statement setting forth the actual City's Share of Real Property Taxes during the preceding Lease Year. If such amount for any Lease Year exceeds the amount paid pursuant to Section 2) above as Additional Rent for such Lease Year, the City shall pay the amount of such excess to Lessor as added Additional Rent within thirty (30) days after receipt of such statement by Lessor. If such statement shows such amount to be less than the amount paid by the City to Lessor pursuant to Section 2) above, then the amount of such overpayment shall be credited



by Lessor to the next immediate Rent payable by the City until such overpayment is fully credited or, at the City's option, shall be refunded.

4. **Personal Property Taxes:** The City shall pay, prior to delinquency, all Personal Property Taxes payable with respect to all Property of the City located on the Premises or in the Building and shall provide promptly, upon request of Lessor, written proof of such payment.

5. **Determinations:** The determination of the City's Share of Real Property Taxes per paragraph 1(d) of this Section, and estimates thereof per paragraph 2 of this Section shall be made by Lessor, but shall be reasonable and the calculations thereof shall be made available to the City upon written request.

6. **End of Term:** If this Lease shall expire or terminate on a day other than the last day of a Lease Year, the amount of any adjustment between the City's Share of Real Property Taxes and estimates thereof with respect to the Lease Year in which such expiration or termination occurs shall be prorated on the same basis that the number of days from and including the commencement of such Lease Year to and including such expiration or termination date bears to 365; and any amount payable by Lessor to the City or the City to Lessor with respect to such adjustment shall be payable within thirty (30) days after delivery by Lessor to the City of the statement of the City's Share of Real Property Taxes with respect to such Lease Year.

7. **Nonpayment of Additional Rent:** In the event of nonpayment of Additional Rent payable by the City hereunder, Lessor shall have the same rights with respect to such nonpayment as it has with respect to any other nonpayment of Rent hereunder.

OPERATING COSTS

1. **Definition of Terms:** In addition to the Base Rent, the City shall pay to Lessor increases under this Section as "Additional Rent". The increase(s) shall be made as provided herein, utilizing the following definitions:

(a) "Operating Costs" shall include Costs of Utilities and Other Operating Costs.

(i) "Costs of Utilities" shall mean all expenses paid or incurred by Lessor for electricity, including any surcharges imposed, water, gas, sewers, and similar utilities service.

(ii) "Other Operating Costs" shall mean all other expenses paid or incurred by Lessor for maintaining, operating and repairing the Building and the personal property used in conjunction therewith (and no other building owned or operated by or for Lessor), including, without limitation, the costs of refuse collection; supplies; janitorial and cleaning, window washing, landscape maintenance, and other services of independent contractors; compensation (including employment taxes and fringe benefits) of all employees who perform duties in connection with the operation, maintenance and repair of the Building (excluding compensation applicable to work performed on other properties), its equipment and the Land upon which it is situated; insurance premiums; licenses; permits and inspection fees; customary management fees (not to exceed five percent (5%) of the rent payable by tenants of the Building); legal and accounting expenses; and any other expense or charge, whether or not hereinabove described, that in accordance with generally accepted accounting and management practices would be considered an expense of maintaining, operating or repairing the Building, excluding:

(1) Costs of any special services rendered to any individual tenant (Including the City) for which a special charge is made;

(2) Real Property Taxes (as defined in this Lease); and



(3) Depreciation or amortization of costs required to be capitalized in accordance with generally accepted accounting practices (except that "Operating Costs" shall include amortization of capital improvements made subsequent to the initial development of the Building that are designed with a reasonable probability of improving the operating efficiency of the Building, provided that such amortization costs shall not exceed expected savings in operating costs resulting from such capital improvements).

(b) "Lease Year" shall mean the twelve-month period commencing January 1 and ending December 31.

(c) "Base Services Year" shall mean the Lease Year 2005.

(d) "Actual Costs" shall mean the actual expenses paid or incurred by Lessor for Operating Costs during any Lease Year of the Term hereof.

(e) "Actual Costs Allocable to the Premises" shall mean the Actual Costs multiplied by the City's Percentage of the Building. "City's Percentage of the Building" as used herein means the approximate number of rentable square feet in the Premises divided by the approximately 157,000 rentable square feet in the Building expressed as a percentage. The initial City's Percentage of the Building is 18.17%.

(f) "Estimated Costs Allocable to the Premises" shall mean Lessor's estimate of Actual Costs Allocable to the Premises for the following Lease Year to be given by Lessor to the City pursuant to Section 3) below.

2. **Base Amount:** Actual Costs Allocable to the Premises for the Base Services Year shall be deemed the "Base Amount" for purposes of this Section; provided, however, that for purposes of determining any Additional Rent for Operating Costs, Lessor shall estimate, to the extent required by Section 7 below captioned "Further Adjustment, the Base Amount in connection with the statement furnished in accordance with Section 3) immediately below.

3. **Additional Rent for Estimated Increases in Costs:** Within ninety (90) days the commencement of each Lease Year (except the Base Services Year) during the Term hereof, or as soon as reasonably practicable thereafter, Lessor shall furnish the City a written statement of the Estimated Costs Allocable to the Premises for such Lease Year, and a calculation of the Additional Rent as follows: One-twelfth (1/12) of the amount, if any, by which such Estimated Costs Allocable to the Premises for such Lease Year exceed the Base Amount shall be Additional Rent payable by the City as provided herein for each month during such Lease Year. If at any time or times during such Lease Year it appears to Lessor that the Actual Costs Allocable to the Premises for such Lease Year will vary from Lessor's estimate by more than five percent (5%) on an annualized basis, Lessor may, by written notice to the City, reasonably revise its estimate for such Lease Year. After the City's receipt of any such notice, Additional Rent payments to Lessor for such Lease Year shall be based on such revised estimate.

4. **Actual Costs:** Within ninety (90) days after the close of each Lease Year during the Term hereof, or as soon thereafter as practicable, Lessor shall deliver to the City a written statement setting forth the Actual Costs Allocable to the Premises during the preceding Lease Year. If such costs for any Lease Year exceed Estimated Costs Allocable to the Premises paid by the City to Lessor pursuant to the immediately preceding Section 3), the City shall pay the amount of such excess to Lessor as added Additional Rent within thirty (30) days after receipt of such statement by the City. If such statement shows such costs to be less than the amount paid by the City to Lessor pursuant to the immediately preceding Section 3), then the amount of such overpayment by the City shall be credited by Lessor to the next immediate Rent

payable by the City or, at the City's option, shall be refunded.

5. **Determinations:** The determination of Actual Costs and Estimated Costs Allocable to the Premises shall be made by Lessor, but shall be reasonable and the calculations thereof shall be made available to the City upon the City's written request.

6. **End of Term:** If this Lease shall expire or terminate on a day other than the last day of a Lease Year, the amount of any adjustment between Estimated and Actual Costs Allocable to the Premises with respect to the Lease Year in which such expiration or termination occurs shall be prorated on the same basis that the number of days from and including the commencement date of such Lease Year to and including such expiration or termination date bears to 365; and any amount payable by Lessor to the City or the City to Lessor with respect to such adjustment shall be payable within thirty (30) days after delivery by Lessor to the City of the statement of Actual Costs Allocable to the Premises with respect to such Lease Year.

7. **Further Adjustment:** In the event the average occupancy level of the Building for the Base Services Year and/or any subsequent Lease Year was not ninety-five percent (95%) or more of full occupancy, then the Actual Costs for such year shall be proportionately adjusted by Lessor to reflect those costs that would have been incurred had the Building been ninety-five (95%) percent occupied during such Lease Year.

8. **Base Rent:** Notwithstanding anything to the contrary in this Section or in the Section entitled "Real Property Taxes", the Rent payable by the City shall in no event be less than the Base Rent specified in this Lease Agreement.

9. **Nonpayment of Additional Rent:** In the event of nonpayment of the Additional Rent hereunder, Lessor shall have the same rights with respect to such nonpayment as it has with respect to any other nonpayment of Rent hereunder.

IMPROVEMENTS;
IMPROVEMENT
ALLOWANCE;
ADDITIONAL
IMPROVEMENT
ALLOWANCE

1. **Improvements.** Lessor shall oversee the construction of the improvements described in this Section (the "Improvements") on the following terms and conditions:

(a) Preparation of the Space Plan and Plans and Specifications. The preliminary Space Plan (the "Space Plan") has been reviewed and approved by Lessor and the City. A copy of the Space Plan is attached hereto as Exhibit A-1.

(b) Construction of Improvements. Lessor and The City agree that Pulcon, Inc. shall be the general contractor (the "Contractor"). The Contractor shall construct and install the improvements and alterations in accordance with the Contractor's proposal dated July 22, 2005 (the "Revised Proposal"), a copy of which is attached as Exhibit B. Lessor shall enter into a construction contract (the "Construction Contract") with Pulcon, Inc. Lessor's representatives shall oversee all aspects of the construction process. City shall have no liability under the above referenced Construction Contract, so long as the City does not order changes to the work or extra work after Construction Contract execution. If the City orders changes to the work or extra work after Construction Contract execution, then City's liability shall be limited to the agreed cost of the City ordered changed or extra work.

(c) The City's Representative. Prior to the commencement of the construction of the Improvements, the City shall designate in writing one individual who shall be the City's representative during the construction of the Improvements. Lessor and Contractor shall be entitled to rely on the decisions of the City's representative regarding the Improvements (and the decision of the City's representative shall be binding upon the City) until Lessor and Contractor have received written notice from the City that such person's authority has been revoked and a replacement representative has been appointed.

2. **Improvement Allowance.** Lessor shall provide the City with an Improvement Allowance not to exceed \$25.00 per square foot, for a total Improvement Allowance of \$713,075.00. If the cost of construction of the tenant improvements exceeds the Improvement Allowance, then, upon request by City, Lessor shall provide the City with an Additional Improvement Allowance not to exceed \$15.00 per square foot, for a total Additional Improvement Allowance of \$427,845.00. The Additional Improvement Allowance, or such portion thereof as may be so used, shall be repaid by City to Lessor by either of the following methods as shall be chosen by City: (i) in a single payment promptly after completion of the tenant improvements and receipt by City of any invoice from Lessor for such amount, or (ii) as Additional Rent in equal monthly installments sufficient to amortize such amount, together with interest at the rate of nine percent (9%) per year, over the term of the Lease.

SECURITY

The City shall pay to Lessor as Additional Rent the sum of \$4,500.00 per month, to partially compensate Lessor for the additional costs of providing additional security services to the Building. This sum of \$4,500.00 per month shall automatically increase by 3% on each anniversary of the Commencement Date, that is, October 15th of each year, during the term of this Lease. Lessor and the City shall evaluate the need for such additional security services on or about each anniversary of the Commencement Date, that is, October 15th of each year, during the term of this Lease, provided, however, that if Lessor, in its reasonable judgment, determines that such additional security services continue to be necessary for the safety of the tenants and occupants of the Building, then Lessor shall continue to provide such additional security services and the City shall continue to pay such sum, as increased from time to time in accordance with this Section.

TERMINATION OF LEASE

1. **Termination of Lease.** Lessor shall have the right to terminate this Lease as follows:

(a) If the City's use and occupancy of part or all of the Premises or use of the Building common areas is inappropriate for the Building in the Lessor's reasonable judgment, whether due to security concerns in the Building related to the City's use and occupancy, damage to, or the risk of damage to, the Building, or actions by the City, its employees, agents and invitees, that compromise or threaten to compromise the comfort and/or safety of the Lessor or other tenants in the Building, or that are not consistent with character of occupancy of the rest of the Building (collectively "Disrupting Activity"), then Lessor shall have the right and option to terminate this Lease as to such portion of the Premises associated with the particular City use, program or activity that in Lessor's reasonable judgment is the source of the Disrupting Activity and to require that the City cease conducting such use, program or activity on the Premises by giving notice to such effect to the City (the "Termination Notice") not less than twelve (12) months' prior to the termination date (the "Termination Date") set forth in the Termination Notice. The Termination Notice shall set forth in reasonable detail the matter(s) giving rise to the Termination Notice. To the extent Lessor determines in its reasonable judgment that the matter(s) giving rise to the Termination Notice is capable of being cured, the Termination Notice so shall state, and the City shall have the right to cure the matter(s) set forth in the Termination Notice. Any such cure shall be commenced within two (2) days and shall be completed as quickly as reasonably possible and in any event within thirty (30) days after the date the City receives the Termination Notice. Such cure period shall not extend the Termination Date; however, if the City cures such matter(s) to Lessor's reasonable satisfaction, the Termination Notice will be withdrawn. If the matter(s) giving rise to the Termination Notice is not, in Lessor's reasonable judgment, capable of being cured (e.g. if the City's invitees/clientele are deemed to compromise the comfort and/or safety of the other tenants of the Building) the City shall have no right to cure. However, whether the Disrupting Activity is not curable or the City fails to cure, the City will work with Lessor in good faith to minimize the Disrupting Activity until such time as the use, program or activity has

been relocated from the Building.

(b) If this Lease is terminated as to part of the Premises for any reason, then the monthly base rent and the City's Percentage of the Building shall be appropriately adjusted as follows: Rents shall be calculated based on the number of rentable square feet remaining in the Premises if and after the lease is terminated as to a part of the Premises. Base rent shall be calculated by dividing the applicable monthly base rent as set forth above by the number of rentable square feet comprising the Premises at the Commencement of the Lease, and multiplying the result by the number of rentable square feet remaining in the Premises if and after the Lease is terminated as to a part of the Premises. City's Percentage of the Building shall be adjusted to equal the number of rentable square feet remaining in the Premises if and after the Lease is terminated as to a part of the Premises divided by the approximately 157,000 rentable square feet in the Building.

**AGREEMENT
CONTENTS**

This Lease Agreement consists of this "Part A – Signature Form" plus "Part B – General Terms and Conditions"; "Exhibit A – Premises; Exhibit A-1 - Space Plan", and Exhibit B – Revised Proposal, all of which, by this reference, are incorporated herein and embody the entire agreement of the parties hereto. There are no other understandings or agreements, written or oral, between the parties relating to the subject matter hereof.

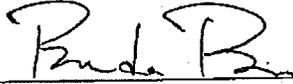
EFFECTUATION

In order to be effective, this Lease Agreement must be (1) signed by an authorized representative of the Lessor and returned to the City at the address set forth below, and (2) signed by the City of Seattle's Fleets & Facilities Director pursuant to ordinance authority. Lessor acknowledges that if this Lease Agreement is signed by the City of Seattle's Fleets & Facilities Director prior to obtaining ordinance authority, this Lease Agreement shall not take effect unless and until the Seattle City Council provides such ordinance authority. If the Seattle City Council does not provide such ordinance authority on or before October, 15, 2005, then to the extent any rights or responsibilities have accrued under this Lease Agreement either Lessor or City may terminate any such rights and responsibilities at any time thereafter by giving notice to such effect to the other party.

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

City:

The City of Seattle, a municipal corporation of the State of Washington

By: 
Brenda Bauer
Fleets & Facilities Director

Date: 8-5-05

Authorizing Ordinance: _____

Lessor:

350, L.L.C.

By _____

Its _____

Date: _____

Central Promoter LLC

By _____

Its _____

Date: _____



The City's Address for all communications:

Fleets & Facilities Department
Property Management Section
700 5th Avenue, Suite 5200
P.O. Box 94689
Seattle, WA 98124-4689

Lessor's Address for all communications:

The Central Building

STATE OF WASHINGTON)
) ss. (Acknowledgment by Lessor)
THE COUNTY OF KING)

On this _____ day of _____, 2005, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of the Lessor, 350, L.L.C., a Washington limited liability company, who executed the foregoing document and acknowledged the same to be the free and voluntary act and deed of said for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute such document for and on behalf of said.

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

(Signature) (Printed or typed name of Notary Public)
Notary Public in and for the State of Washington, residing at _____
My appointment expires _____

STATE OF WASHINGTON)
) ss. (Acknowledgment by Lessor)
THE COUNTY OF KING)

On this _____ day of _____, 2005, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of the Lessor, Central Promoter LLC, a Washington limited liability company, who executed the foregoing document and acknowledged the same to be the free and voluntary act and deed of said for the uses and purposes therein mentioned, and on oath stated that he/she was authorized to execute such document for and on behalf of said.

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

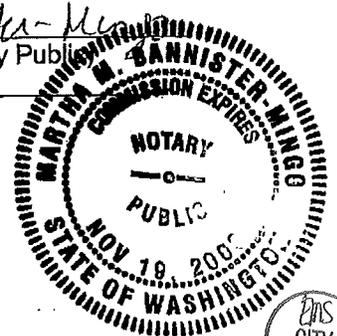
(Signature) (Printed or typed name of Notary Public)
Notary Public in and for the State of Washington, residing at _____
My appointment expires _____

STATE OF WASHINGTON)
) ss. (Acknowledgment for The City of Seattle)
THE COUNTY OF KING)

On this 5th day of August, 2005, before me, personally appeared Brenda Bauer to me known to be the Fleets and Facilities Director of The City of Seattle, who executed the foregoing instrument, 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 he/she is authorized to execute said instrument.

GIVEN under my hand and official seal the day and year last above written.

Martha M Bannister-Nung
(Signature) (Printed or typed name of Notary Public)
Notary Public in and for the State of Washington, residing at Lynnwood, WA
My commission expires November 19, 2008



LEASE AGREEMENT
PART B - GENERAL TERMS AND CONDITIONS

1. POSSESSION. In the event of the inability of the Lessor to deliver possession of the Premises, or any portion thereof, with the Improvements substantially completed, at the time of the commencement of the term of this Lease, due to a cause within Lessor's reasonable control, the City, at its option may elect to retain the lease and insist upon possession or to cancel this lease as a result of the Lessor's failure to deliver possession. In the event the City elects to cancel, the Lessor shall be liable for incremental costs and other damages incurred by the City in acquiring comparable property. In the event the City elects to retain the lease, the City shall not be liable for any rent or other expense related to the Premises until such time as the Lessor can deliver possession. In the event that, by mutual agreement, the City takes possession of the Premises, or any part thereof, prior to the commencement of the specified term of this lease, the City shall pay as rent for that additional period that percentage of the monthly rent payable under Part A hereof, prorated on a daily basis, that is equivalent to the percentage of the floor area of the Premises actually occupied by the City during said period. The City acknowledges and agrees that fire, earthquake or other casualty, or other Acts of God are beyond Lessor's reasonable control.

2. ACCESS. The City shall allow the Lessor or the Lessor's agent free access at all reasonable times to said Premises to inspect, clean, or make repairs, additions or alterations to the Premises or any connected property owned by or under the control of the Lessor, but this provision shall not be construed as an agreement on the part of the Lessor to make such repairs, additions or alterations nor a waiver of the City's right of quiet enjoyment. All such work shall be undertaken in a way so as to minimize interference with the City's use of the Premises.

3. UTILITIES AND OTHER SERVICES.

(a) The Lessor, at the Lessor's sole expense, except as provided in Part A hereof, shall provide or shall otherwise pay for, when due, all costs for providing all utilities and other services on or to the Premises including but not limited to elevator service, electricity, water, sewer, garbage, heating and cooling or air conditioning, janitorial, and security. The City shall pay all charges for utility installations and modifications thereto occasioned by the City's requirements.

(b) The City may not, except with Lessor's prior written approval, use electricity for lighting in excess of the City of Seattle Energy Code in the Premises. In addition, City may not use electricity for other than office purposes in excess of that normally used by general office tenants, except with Lessor's prior written consent. If such consent is given, City shall pay Lessor an amount equal to the sum paid by the Lessor for such additional energy. Unless this amount can be mutually agreed upon between the parties hereto, it shall be determined by measurements through metering equipment furnished and installed by the Lessor at the City's cost, and the additional cost of electrical energy so required by the City shall be computed at the marginal rate charged the Lessor by the utility company. In no event shall the City's use of electricity exceed the capacity of existing feeders to the Building or the risers or wiring installation, and the Lessor may prohibit the use of any electrical equipment that, in the Lessor's reasonable opinion, will overload such wiring or interfere with the use thereof by other tenants in the Building. If Lessor consents to use of equipment requiring such changes, City shall pay the cost of installing any additional risers, panels or other facilities that may be necessary to furnish energy to the Premises.

4. CARE OF PREMISES. The Premises shall at all times be kept and used in accordance with the laws of the State of Washington and ordinances of The City of Seattle, and in accordance with all duly authorized directions, rules, and regulations of the Health Officer, Fire Marshall, Building Official or other proper officer of The City of Seattle; and the City will not permit any waste, damage or injury to the Premises, use or permit in said Premises anything that will increase the rate of fire insurance thereon, maintain anything that may be dangerous to life or limb, permit any objectionable noise or odor to escape or to be emitted from said Premises, or permit anything to be done upon said Premises that in any way will tend to create a nuisance.



5. MAINTENANCE - REPAIRS. The Premises have been inspected by both parties and are accepted by the City in their existing condition as of the commencement date of this Lease Agreement, without reservation except for latent defects or faulty construction of the Premises not reasonably discoverable by inspection at the time of taking possession. All improvements and alterations requested by the City that are in addition to the Improvements identified in Part A hereof will be constructed at the City's sole cost and expense and will be maintained and repaired as provided in this paragraph and otherwise in this Lease Agreement. Except as otherwise provided for herein, the Lessor, at its sole expense, shall keep and preserve the Premises in good repair, including but not limited to all structural and non-structural parts thereof, elevators, plumbing, heating, cooling, and electrical, gas and other utility systems; and other equipment and appurtenances of the Premises and the structure of which the Premises form a part.

6. DAMAGE OR DESTRUCTION. In the event the Premises are damaged by fire, earthquake, act of war, or other extraordinary casualty to such an extent as to render the same untenantable in whole or in a substantial part thereof, or are destroyed, it shall be optional with the Lessor to repair or rebuild the same, and after the happening of any such event, the City shall give the Lessor or the Lessor's agent written notice thereof within forty-eight (48) hours of such occurrence. The Lessor shall have not more than ten (10) days after the date of such notification to notify the City in writing of the Lessor's intentions to repair or rebuild said Premises; and if the Lessor elects to repair or rebuild said Premises, the Lessor shall prosecute the work of such repairing or rebuilding without unnecessary delay. During any period in which the Premises are rendered unfit for occupancy because of any such casualty, the rent of said Premises shall be abated in the same ratio that the portion of the Premises rendered for the time being unfit for occupancy shall bear to the whole of the Premises. In the event the building in which the Premises are located is destroyed or is damaged (even though the Premises hereby leased shall not be damaged thereby) to such an extent that, in the opinion of the Lessor, it is not practicable to repair or rebuild, then the Lessor may, at its option, terminate this Lease Agreement lease by providing written notice thereof to the City within thirty (30) days after such damage or destruction has been determined to be irreparable.

7. HAZARDOUS WASTE AND MATERIALS. The City shall not knowingly dispose of or knowingly allow the release of any hazardous waste or materials in the Premises, or in any improvements placed on the Premises. The City represents and warrants to Lessor that the City's intended use of the Premises does not involve the use, production, disposal or bringing on to the Premises of any hazardous waste or materials. As used herein, the term "hazardous waste or materials" includes any substance, waste or material defined or designated as hazardous, toxic or dangerous (or any similar term) by any federal, state or local statute, regulation, rule or ordinance now or hereafter in effect, but does not include office supplies or cleaning supplies kept in compliance with all applicable laws. The City shall promptly comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the City's use, collection, treatment, disposal, storage, control, removal or cleanup of hazardous waste or materials in or on the Premises or incorporated in any improvement, at the City's expense; except that the City shall not be responsible for removal or cleanup of hazardous waste or materials placed onto the Premises or the Property prior to the commencement of this Lease or placed onto the Premises or the Property after the commencement of this Lease by anyone other than City, its guests, agents, employees, contractors, or invitees or any person or entity acting through or on account of the actions or inactions of City. The City shall notify Lessor immediately of any known release of any hazardous waste or materials on the Premises.

After notice to the City and a reasonable opportunity for the City to effect such compliance, Lessor may, but is not obligated to, enter upon the Premises and take such actions and incur such costs and expenses to effect such compliance as it deems advisable to protect its interest in the Premises; provided, however, that Lessor shall not be obligated to give the City notice and an opportunity to effect such compliance if (1) such delay might result in material adverse harm to Lessor or the Premises, (2) the City has already had actual knowledge of the situation and a reasonable opportunity to effect such compliance, or (3) an emergency exists. Whether or not the City has actual knowledge of the release of hazardous waste or materials on the Premises as a result of the City's use of the Premises, the City shall reimburse Lessor for the full amount of all reasonable costs and expenses incurred by Lessor in connection with compliance activities undertaken by or for Lessor as a consequence of a City act or omission; provided, however, that the City shall not reimburse Lessor for costs and expenses incurred by Lessor related to hazardous waste or materials placed onto the Premises or the Property prior to the commencement of this Lease or placed onto the Premises or the Property after the commencement of this Lease by anyone other than City, its

guests, agents, employees, contractors, or invitees or any person or entity acting through or on account of the actions or inactions of City.

The City agrees to indemnify and hold Lessor harmless against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, cleanup costs, remedial actions, costs and expenses (including without limitations, reasonable attorneys' fees and disbursements) that may be imposed on, incurred or paid by, or asserted against Lessor of the Premises by reason of, or in connection with the acts or omissions of the City or its guests, agents, officials, employees, contractors, subtenants or invitees or any person or entity acting through or on account of the actions or inactions of the City, resulting in the release of any hazardous waste or materials in or on the Premises or the Property; provided, however, that the City shall not indemnify and hold Lessor harmless if the hazardous waste or materials were placed onto the Premises or the Property prior to the commencement of this Lease or placed onto the Premises or the Property after the commencement of this Lease by anyone other than City, its guests, agents, employees, contractors, or invitees or any person or entity acting through or on account of the actions or inactions of City.

Lessor agrees to indemnify and hold the City harmless against any and all losses, liabilities, suits, obligations, fines, damages, judgments, penalties, claims, charges, cleanup costs, remedial actions, costs and expenses (including without limitations, reasonable attorneys' fees and disbursements) that may be imposed on, incurred or paid by, or asserted against the City by reason of, or in connection with the acts or omissions of Lessor or its guests, agents, employees, contractors or invitees or any person or entity acting through or on account of the actions or inactions of Lessor, resulting in the release of any hazardous waste or materials in or on the Premises or the Property; provided, however, that Lessor shall not indemnify and hold the City harmless if the hazardous waste or materials were placed onto the Premises or the Property by the City or its guests, agents, officials, employees, contractors, subtenants or invitees or any person or entity acting through or on account of the actions or inactions of the City.

The City further acknowledges that Lessor has not made any warranty or representation covering the presence or absence of any hazardous waste or materials in or on the Property, Premises, any adjacent property, or in any improvements placed in the Premises. If Lessor is required by any statute, regulation, order, decree, judgment, or other law to take any action to remove or abate any hazardous waste or materials, or if Lessor deems it necessary to conduct special maintenance or testing procedures with regard to any hazardous waste or materials, or to remove or abate such hazardous waste or materials, Lessor may take only such action or conduct such procedures (1) after prior written notice to the City and (2) in a manner that does not unreasonably interfere with the City's use and enjoyment of the Premises.

8. COMPLIANCE WITH LAW.

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

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

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

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

(e) Compliance with Seattle's Fair Contracting Practices Ordinance Required: Each party is required to comply with the Fair Contracting Practices Ordinance of The City of Seattle (ordinance 119601), as amended, which is codified at Seattle Municipal Code Section 14.20. Conduct made unlawful by that ordinance constitutes a breach of contract. Engaging in an unfair contracting practice may also



result in the imposition of a civil fine or forfeiture under the Seattle Criminal Code as well as various civil penalties.

9. INDEMNIFICATION. The Lessor shall defend, indemnify, and hold City harmless from all claims for accident or injury caused to persons or property (i) by the fault or neglect of the Lessor or any of its employees or agents; or (ii) occurring in, on, or about any portion of the structure of which the Premises form a part that is under the control of the Lessor; or (iii) caused by any fault or defect inherent in said structure or (iv) any other defect in or malfunction of said structure not discernable by reasonable inspection.

The City shall defend, indemnify, and hold the Lessor harmless from all claims for accident or injury caused to persons or property by the fault or neglect of the City or any of its employees or agents, to the extent of the fault or neglect of the City. All personal property of the City on said Premises shall be at the risk of and the responsibility of the City.

10. SIGNS. The City may place identification signs upon the Premises, subject to the prior approval of the Lessor; and permission to place such signs shall not be unreasonably withheld by the Lessor. The Lessor shall have the right to place and maintain "For Rent" signs in a conspicuous place on said Premises and to show the Premises to prospective tenants for ninety (90) days prior to the expiration of this Lease Agreement.

11. ALTERATIONS, ADDITIONS AND IMPROVEMENTS.

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

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

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

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

12. TERMINATION.

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

Part A - TERM
Part A - RENT

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

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

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

14. HOLDOVER. If the City shall, with written consent of Lessor, hold over after the expiration of the term of this Lease Agreement, such tenancy shall be for an indefinite period of time on a month-to-month tenancy, which tenancy may be terminated as provided by the laws of the State of Washington. During such tenancy, the City shall pay to Lessor the same rate of rental payable by the City during the last month of the Term as set forth herein, unless a different rate shall be agreed upon in writing by Lessor and the City, and shall be bound by all of the terms, covenants, and conditions herein specified, so far as applicable. In the event the City shall hold over after the expiration of the term of this Lease Agreement without the written consent of Lessor, such tenancy may be terminated as provided by the laws of the State of Washington; and during such hold over tenancy, the City shall pay to Lessor one hundred fifty percent (150%) of the rate of rental payable by City during the last month of the Term as set forth herein.

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

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

17. SUBORDINATION AND ATTORNMENT; MORTGAGEE PROTECTION.

a) Subordination: At the request of Lessor, City shall promptly execute and deliver all instruments which may be appropriate to subordinate this Lease Agreement to any existing or future mortgages or deeds of trust on the Building or on the leasehold interest held by Lessor, and to any extensions, renewals thereof; provided, that the mortgagee or beneficiary, as the case may be, shall agree, in exchange for the agreement of City to attorn to such mortgagee or beneficiary, to recognize this Lease Agreement in the event of foreclosure if City is not in material default at such time.

b) City's Certificate. City, at any time and from time to time upon not less than ten (10) days' prior written notice from Lessor, shall execute, acknowledge and deliver to Lessor a statement in writing (i) certifying that this Lease Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease Agreement as so modified is in full force and effect), and the date to which the rental and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to City's knowledge, any uncured defaults on the part of the Lessor hereunder, or specifying such defaults if any are claimed, and (iii) setting forth the date of commencement of rents and expiration of the Term hereof. Any such statement may be relied upon by and prospective purchaser or encumbrancer of all or any portion of the Building.

18. SELF-INSURANCE. Through a program of self-insurance, any incident that occurs as a result of the City's negligence or for which the City is found responsible shall be administered by the City as a self-insured entity, with subrogation as may be applicable, subject, however, to the provisions of Section 19 captioned "Waiver of Subrogation". In addition, the City maintains a property insurance program covering its buildings, structures and tangible personal property that is subject to a substantial deductible, presently \$500,000 each claim.

19. WAIVER OF SUBROGATION. Neither the City nor the Lessor shall be liable to the other party or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or tangible personal property of the other occurring in or about the Premises, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees, if such loss or damage is caused by or results from perils normally included in a "special form - causes of loss" or an "all risk" property insurance policy, including earthquake and flood. Each party shall cause each property insurance policy obtained by it to contain such waiver of subrogation clause. This waiver shall also apply to any portion of any such loss or damage that is within the deductible amount under any property insurance policy actually carried by either Lessor or City, provided that, however, as respects loss or damage to the City's tangible personal property, the waiver shall not apply to the difference between the property insurance deductible that Lessor maintains and the property insurance deductible that the City maintains.

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

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

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

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

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

25. LESSOR'S OPTION TO TERMINATE FOR MAJOR RENOVATION. If Lessor desires to undertake a Major Renovation of the Building, then Lessor shall have the right, at its option, to terminate this Lease by giving Tenant notice (the "Termination Notice") to such effect not less than one (1) year prior to the termination date set forth in the Termination Notice (the "Termination Date"), provided, however, that in no event shall the Termination Date be prior to July 31, 2012. On the Termination Date the Term of this Lease shall end and both parties shall be relieved and released of and from any and all further liability or responsibility under this Lease. The term "Major Renovation" means a renovation of the Building that involves renovations or modifications of the Building, the Building structure and/or the Building systems that would substantially interfere with Tenant's use and occupancy of the Premises in Lessor's reasonable judgment.

26. ASSIGNMENT OR SUBLETTING. The City shall not sublet the whole or any part of the premises, nor assign this lease or any interest thereof, without the prior written consent of the Lessor,

whose consent shall not be unreasonably withheld. Landlord acknowledges City intends to execute a sublease related to the portion of the Premises used as a school and agrees to approve such a sublease, subject to execution by Landlord and City of Landlord's standard form of Consent to Sublease.



Exhibit A

Floor Plans On Next Page





DAITMIRE & ASSOCIATES
 ARCHITECTS & INTERIORS
 3048 13th Avenue West
 Seattle, WA 98147 • (206) 441-1111

JOB NO.
2303

SPACE PLANNING FOR
**SEATTLE
 HUMAN
 SERVICES
 DEPARTMENT**

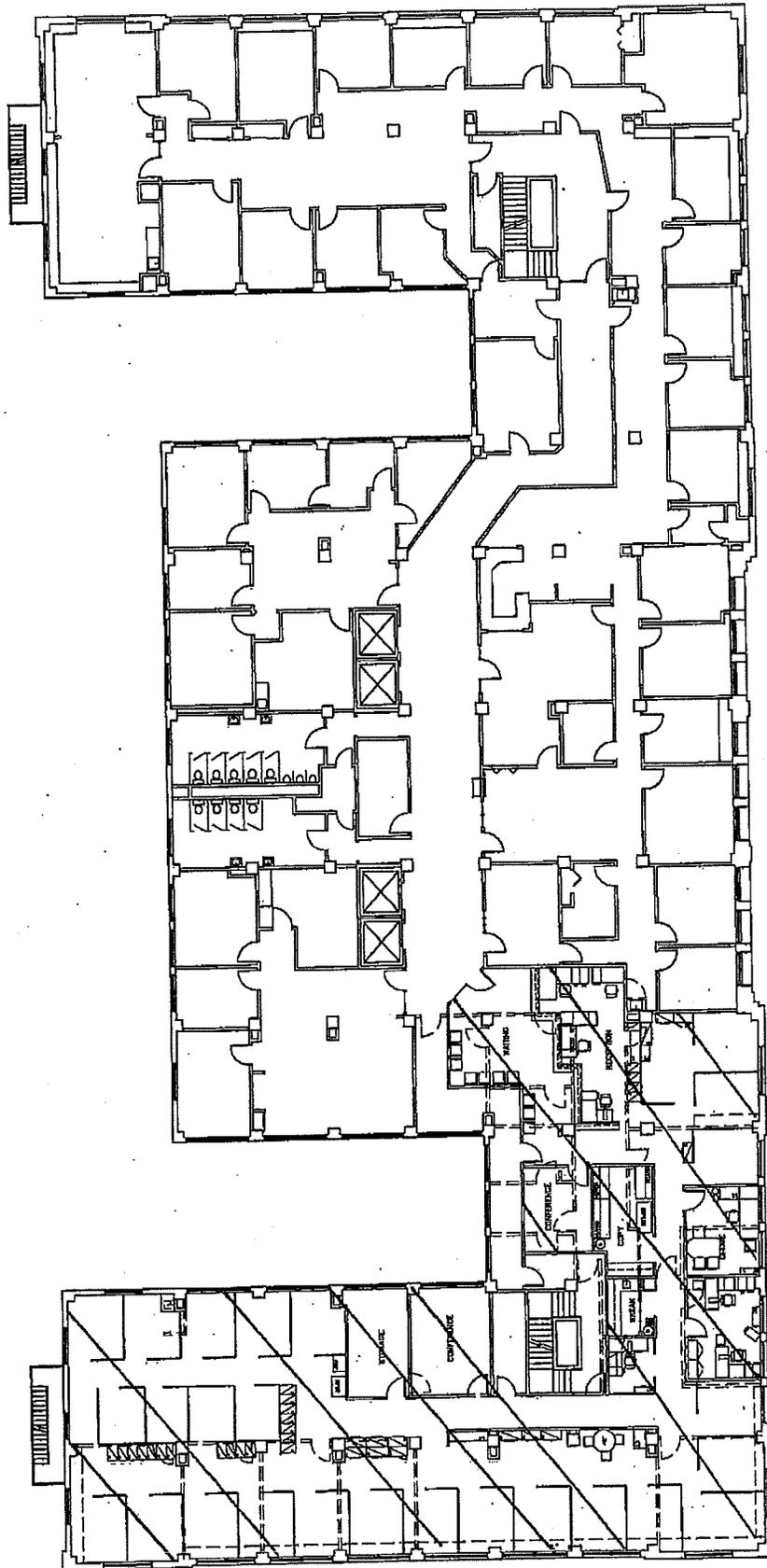
3RD FLOOR
 CENTRAL BUILDING

SEATTLE, WA

5/24/95

GRADE PLAN

SP3-1



FLOOR PLAN - Floor 3

1/8" = 1'-0"



DA
 DESIGN & ARCHITECTURE
 INCORPORATED
 2046 11th Avenue, West
 Seattle, WA 98149

JUNE 1992

SPACE PLANNING FOR
SEATTLE HUMAN SERVICES DEPARTMENT

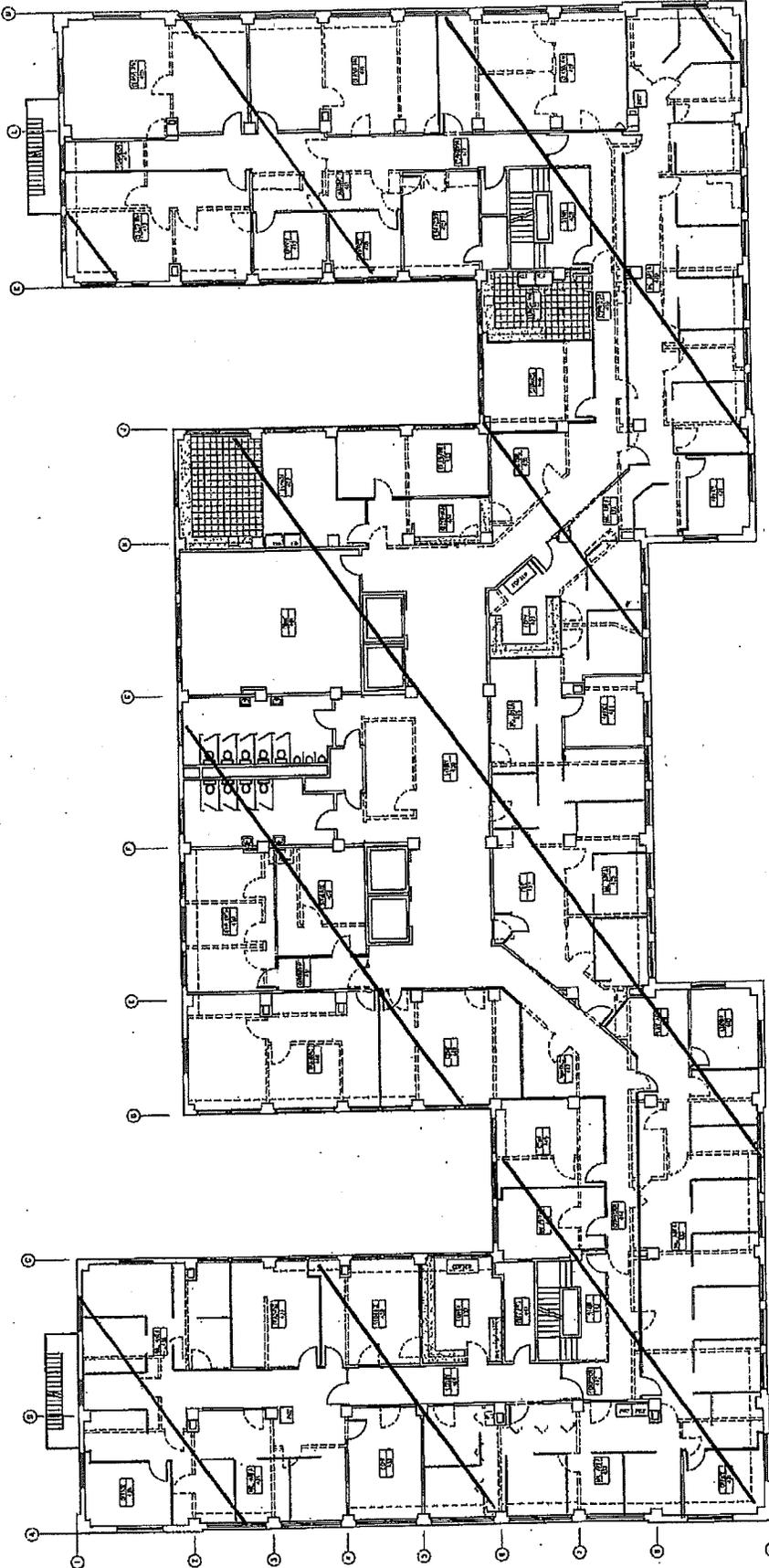
4TH FLOOR
 CENTRAL BUILDING

SEATTLE, WA

9/8/95

SPACE PLAN

SP4-1



Full Floor

4th FLOOR PLAN

- LEGEND**
- EXIST. WALLS TO REMAIN
 - - - EXIST. WALLS TO DEMO
 - NEW STANDARD INTERIOR WALLS
 - NEW STANDARD HEIGHT WALL (8'-0")
 - NEW STANDARD CORRIDOR/DOUBLING WALLS
 - NEW 2-HR. RATED FIRE WALLS
 - PLUMB COUNTER TOP

Exhibit B

Contractor Proposal On Next Page



PULCON, Inc.

Pulsifer Construction
WA State Reg# PULCOL*004MI

10624 Alton Place N.E.
Seattle WA 98125

Phone: 206 306-9080
Fax: 206 306-9081

July 22nd, 2005

Tim Pitts
GBS Real Estate
810 3rd Ave
Suite 610
Seattle WA 98104

RE: Seattle Human Services, Central Building- Floors 3 & 4, Revision 1 with HVAC changes

The base price for the following project is \$816,675.36 + tax (72,684.11) or \$889,359.47. The following clarifications and exclusions were used to calculate this price and are based on preliminary plans provided by Dalrymple & Associates, dated 6-15-05. Please add for desired options and include P&O & WSST.

Several general notes:

- ◆ Ceiling- For bid purposes we are including the installation of a new suspended ceiling on the 4th floor (less any reusable lobby/corridor grid & tiles), existing is so cut up that this seems like the practical approach. We may find that there is more reusable grid but this will be difficult to determine until most of the demo is complete, at that point we will want to revisit this issue and determine if we can scale back our scope.
- ◆ Plumbing- Removal of the radiators includes demo of steam piping. We believe that we have anticipated all potential developments and will know for sure once we demo perimeter casework.
- ◆ Doors- Between demo of floors 3, 4 & 7 we believe there will be enough doors to complete this scope (other than rated assemblies). No hardware has been included except the power assist unit at entry on the 3rd floor and on new rated assemblies at stairways. We have included material for relites.
- ◆ Flooring- The work letter calls for glue down carpeting. The floors in this building are irregular and we would suggest that pad be used under carpet. If glue down is required, we would suggest that a healthy floor prep allowance be included or we can float / pour areas requiring help on a T & M basis.

Scope of Work:

- 1) Demo existing doors, walls and ceiling tiles, cabinetry, plumbing and flooring per plan, retain salvageable doors.
- 2) Build new walls per plan, insulate.
- 3) Provide new doors required to complete the new floor plan. Our proposal includes the reuse of doors in all but four stairway locations.
- 4) Provide and install relites per plan, see line item locations & sizes.
- 5) Provide glazing for relites.
- 6) Modify grid system on the 3rd floor to create a continuous "look", provide new as required. Modify lobby / corridor areas on the 4th floor as needed and install new as required on majority of the 4th floor with 2 x 4 drop in tiles (Armstrong Radar).
- 7) Provide cabinetry per plans, basic p-lam counters and faces and melamine insides.
- 8) Provide plumbing services required: demo, rough-in, install & trim as indicated.

Jul. 23 2005 11:48AM P2

FRX NO. : 4256408230

FROM : PEPIN

RECEIVED: 7/29/05 11:58! -> GREGORY BRODERICK SMITH; PAGE 2

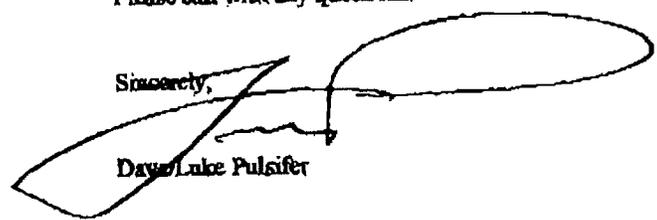


- 9) Demo all radiators and related piping, cap at risers.
- 10) Demo existing sprinkler system in SW corner of 4th floor.
- 11) Provide electrical services. Please review enclosed.
- 12) Modify HVAC to accommodate new floor plan. Please review enclosed, we would like to walk through and explain concept.
- 13) Modify windows where A-C units will be removed and at 12 locations where outside air is required for HVAC units.
- 14) Install carpet per plan, options have been included for carpet upgrade.
- 15) Install VCT per plan.
- 16) Install "Roppe" rubber base throughout.
- 17) Paint all walls and paint grade doors. Stain & seal new stain grade woodwork, refurb reused stain grade material and touch-up windows as required.
- 18) Replace damaged mini-blinds on exterior windows, an allowance has been included.
- 19) Provide mini-blinds for all relites.
- 20) Clean areas when project is complete.

Please note: All load work to be performed before and/or after normal business hours, as is practical. All roto-hammering and elevator usage to be in compliance with building rules and regulations.

Please call with any questions.

Sincerely,



Dave/Luke Pulsifer

Accepted By:

Date



Project

Seattle Human Services
With updated HVAC scope

Date

July 22th, 2005

Permit

NA

Demolition

All walls, doors, relites, ceiling, cabinetry
and carpet to create new floorplan

79,500

Electrical & plumbing debris

1,875

Construction

Drywall

Standard

57,775

Doors

New

4-metal rated fire doors

1,900

Labor

500

Hardware

Corbin-Russwin panic hdwr
with closer

2,000

Labor

500

Wall bumpers

108

48

725

Door bucks

For all new or relocated
doors & relites

112

1,075

Labor

112

1,250

Door installation

48 locations

5,780

2,175

Power assisted closer

Labor, T&M

Allowance

400

Electrical, T&M

Allowance

125



Relines

3rd floor

Room 301 (waiting)	20 x 7
Room 304	3 x 7
Room 305	3 x 7
Room 316	3 x 7

4th floor

Room 410	3 x 7
Room 412	3 x 7
Room 420	2 x 7
	2 x 7
Room 422	7 x 7
	1 x 7
Room 428	2 x 7
Room 430	2 x 7
Room 432	2 x 7
Room 445	3 x 7
Room 448	10 x 7

Material

With 2- 1/4" Colonial casing

4,275

Labor

2,750

Glazing

3,250

Ceiling

3rd Floor

Expand elevator lobby/ corridors
328 sf

Modify existing 2 x 4 grid
2,460 sf

(re-install owners tile retained in demo
in new & existing grid w/ approx. 832 SF new
tiles)

8,860

4th Floor

Expand elevator lobby/ corridors
2,128 sf

Install new grid & 2 x 4 tiles
16,376sf

38,793

Windows

Modify @ 8 locations (AC unit demo)
Modify @ 12 locations- outside air

775

3,000



Cabinetry

P-lam tops and faces
melamine insides, per plan

3rd floor

302- Reception	44lf	1,775
313- Break	13lf	3,350
315- Copy	20.5lf	5,225

4th floor

404- Reception	16lf	655
407- Lunch		
uppers	8.5lf	875
lowers	19.5lf	3,125

Plumbing

Demo as required and rough-in
and trim per plans 5,880

Radiators & related piping 42
(cap as close to risers as possible) 8,180

Removal of radiators 42 1,895

Sprinklers

Demo drops on 4th floor SW corner 985

HVAC

see enclosed 3rd & 4th Floors 285,860

Electrical

Please see enclosed and
review all options 128,120

Permit fees Allowance 4,000

Flooring

Carpet Building Std. Mohawk Intrinsic- glue down 61,950

Option Replace above price with one of the following:

Patcraft- "Just Beautiful"	Add \$51,850
Shaw- "Digital"	Add \$35,400
Shaw- "Terra"	Add \$30,750

Option Install carpet over pad Add \$5,875

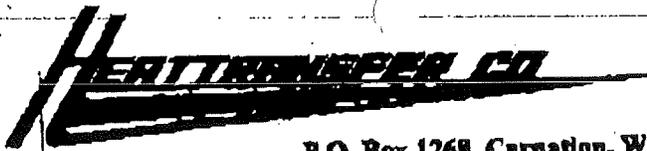
Common areas to match existing 2,175

VCT Armstrong Excelon or equal 1,175



	Rubber base	Roppa	6,985
Paint	Paint walls & doors- refinish doors, casing & refftes as required		32,750
Window Coverings	Replace damaged existing	Allowance	575
	Labor		275
	Relite mini-blinds	23	2,300
	Labor		480
Final clean			3,900
Misc.	Management		1,500
	Supervision		700
	Mobilization		475
	Continuous Clean		500
	Plastic/Tape		250
	Disposal		720
	Misc.		250
Project Sub-total			763,248
Profit and Overhead @ 7%			53,427
WA State Sales Tax			72,684.11
Project Total			889,359.47





HT

P.O. Box 1268, Carnation, WA 98014-1268
Phone # 425-885-3247 Fax # 425-333-6545
UBIA 600-353-103 Reg.# HEAT**206Q0

PROPOSAL# 3583A

DATE 7/8/05

Luke Pulsifer
Pulcon Construction
Fax: 206-306-9081

SUBJECT: H.V.A.C. Build out
LOCATION: Seattle Human Services
Central Building, 3rd & 4th Floor
810 - 3rd Ave.
Seattle, WA

Dear Mr. Pulsifer,

Our bid price to build out HVAC for the above areas would be \$265,860.00.

Price includes:

- 27 Ea. Magic Aire Model #HBAW Cooling and heating fan coil units (or equal)
- 27 Ea. Honeywell Electronic thermostats
- 17 Ea. Condensate pumps
- 27 Ea. Fully modulating fan-coil mixing boxes
- All Water control valves with operators
- Start, Test, and Balance

Not included in bid price:

- Overtime
- Taxes
- Repairs to existing
- Line Voltage to equipment
- Fire Dampers
- Fire alarm interface (if required)
- Dump fees

Luke,

As requested the new fan coil units will have electric heat. Should you option for hot water heat we would need to rework pricing. The new fan coil units will stand-alone with conventional 7-day programmable thermostats. The current design of existing systems utilizes the ceiling space as a plenum for the return air. We have based our pricing on this concept.

Sincerely,
Tom McCloskey
President
Heattransfer Co.

Date - <i>7/23/05</i>	Date -
<i>HT</i> Approved By <i>Thomas McCloskey</i>	Customer Approved By

Quote prices are effective for 30 days.
Parts and labor for repairs are guaranteed for 30 days unless otherwise noted.
Additional warranties may be available from the manufacturer.



STATE OF WASHINGTON - KING COUNTY

--SS.

190647
CITY OF SEATTLE, CLERKS OFFICE

No. TITLE ONLY

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.

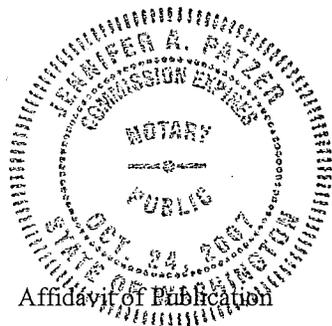
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:121933-937,943-949

was published on

10/06/05

The amount of the fee charged for the foregoing publication is the sum of \$ 159.00, which amount has been paid in full.



Affidavit of Publication

[Handwritten signature]

Subscribed and sworn to before me on

10/06/05

[Handwritten signature]

Notary public for the State of Washington,
residing in Seattle

State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on September 26, 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. 121949

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

ORDINANCE NO. 121948

AN ORDINANCE declaring an emergency and authorizing an opportunity for eligible City of Seattle employees to convert up to a total of 40 hours of accumulated and unused vacation to cash to benefit the relief efforts on behalf of victims of Hurricane Katrina, by a three-fourths vote of the City Council.

ORDINANCE NO. 121947

AN ORDINANCE relating to the Acquisition and Development Opportunity Fund category of the Neighborhood Parks, Green Spaces, Trails, and Zoo Levy; accepting the recommendations of the Parks and Green Spaces Levy Oversight Committee; authorizing the Superintendent of Parks and Recreation to proceed with certain of those capital programs; amending the 2005-2010 Capital Improvement Program; amending the Capital Facilities Element of the City's Comprehensive Plan; and amending the 2005 Adopted Budget of the Department of Parks and Recreation by making appropriations from the 2000 Parks Levy Fund; all by a three-fourths vote of the City Council.

ORDINANCE NO. 121946

AN ORDINANCE relating to the transfer of City real property; authorizing the transfer of 1321 26th Avenue South to Habitat for Humanity of Seattle/South King County or its designee; authorizing the Director of the Office of Housing to execute, deliver, and administer the contract for transfer of land, deed and related documents; and ratifying and confirming prior acts.

ORDINANCE NO. 121945

AN ORDINANCE relating to the federal Justice Assistance Grant (JAG) program; authorizing the execution of agreements under which the City will receive financial assistance from the US Department of Justice (DOJ), Bureau of Justice Assistance (BJA); authorizing an application for allocation of funds under those agreements; accepting the money when received; and increasing appropriations to the Police Department, Human Services Department and the Department of Information Technology in the 2005 Budget; all by a three-fourths vote of the City Council.

ORDINANCE NO. 121943

AN ORDINANCE relating to the Fire Department; authorizing the execution of an agreement with the Central Puget Sound Regional Transit Authority ("Sound Transit") for financial assistance to purchase tunnel rescue equipment; accepting the money when received; increasing appropriations to the Fire Department; and ratifying and confirming prior acts; all by a three-fourths vote of the City Council.

ORDINANCE NO. 121937

AN ORDINANCE relating to the Community Development Block Grant Float Loan Program; authorizing a short-term loan of up to SEVEN MILLION TWO HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS (\$7,220,000) in Block Grant funds to Pike Place Market Preservation and Development Authority, a Washington public corporation, to finance redevelopment costs of 1416-1440 Western Avenue in the Pike Place Market; authorizing amendments to the 2005-2008 Consolidated Plan and 2005 Table of Proposed Projects to reflect such loan; appropriating funds for the loan and for possible new advances after early repayments, and ratifying and confirming prior acts.

ORDINANCE NO. 121936

AN ORDINANCE authorizing the Superintendent of Parks and Recreation to accept a Quit Claim Deed from the United States of America conveying property at Discovery Park, known as Area 500, to the City of Seattle and placing such property under the jurisdiction of the Department of Parks and Recreation.

ORDINANCE NO. 121935

AN ORDINANCE authorizing the Fleets and Facilities Department to execute a lease agreement with 350, L.L.C. and Central Promoter LLC, on behalf of the Office for Civil Rights.

ORDINANCE NO. 121934

AN ORDINANCE authorizing the Fleets and Facilities Department to execute a lease agreement with 350, L.L.C. and Central Promoter LLC, on behalf of the Human Services Department.

ORDINANCE NO. 121933

AN ORDINANCE amending Ordinance 121292 to correct the legal description of certain surplus city property located at the intersection of SW Roxbury St. and 10th Ave. SW, identified as PMA No. 79.

Publication ordered by JUDITH PIPPIN,
City Clerk

Date of publication in the Seattle Daily
Journal of Commerce, October 6, 2005.
10/6(190847)