

EXHIBIT 1:

THIRD AMENDMENT OF LEASE

THIS THIRD AMENDMENT OF LEASE is made this ____ day of _____, 2013 by and between **PTL PROPERTY Limited Partnership**, a Washington limited partnership (“Lessor”) and **THE CITY OF SEATTLE**, a municipal corporation duly organized and existing under the laws of the State of Washington (“the City”).

RECITALS

A. On or about June 1, 1998, the City entered into a lease agreement (the “Master Lease”) with John Y. Sato and Victor M. Loehrer, a partnership, for use and occupancy of certain real property located at 220 Third Avenue South, Seattle, Washington, and legally described in the Master Lease as the “Premises”. On or about June, 2003, the City and the partnership of John Y. Sato and Victor M. Loehrer agreed to amend the Master Lease (Lease Amendment No. 1) to increase the square footage of the Premises to 9,462 square feet, to extend the term for five additional years, and to adjust the rent to \$12,718.51 per month. The Master Lease and all subsequent amendments are referred to herein as the “Lease”.

B. PTL PROPERTY Limited Partnership is the successor to all the rights, obligations, and interests of John Y. Sato and Victor M. Loehrer in the Premises and under the Lease.

C. On or about May 30, 2008 the Lessor and the City amended the Lease (Second Amendment) to extend the term for up to an additional five years.

D. The Lessor and the City agreed that the Lease continue on a month to month tenancy beginning on June 1, 2013, under the same terms and conditions of the previous Second Amendment.

E. The City and Lessor desire to extend the Lease, subject to the terms and conditions set forth in this Third Amendment (the “Third Amendment”).

F. Capitalized terms not defined in this Third Amendment shall have the meanings given to them in the Lease.

In consideration of the mutual covenants and conditions contained herein and for other good and valuable consideration, Lessor and The City agree as follows:

1. EXTENSION TERM: The Lease is hereby reinstated and the Term is extended for an additional five (5) year period, commencing June 1, 2013, and shall expire at midnight on May 31, 2018, (the “Extension Term”). The Extension Term shall be upon the same terms and conditions as set forth in the Lease , except as otherwise expressly provided herein. The City and Lessor expressly acknowledge that this Third Amendment is executed after the

commencement date of the Extension Term, and that the parties intend this Third Amendment to be retroactively effective as of June 1, 2013.

2. ADDITIONAL OPTION TO EXTEND: The City shall have the right to extend the Lease for one (1) additional term of five (5) years (“Option Term”). The City shall exercise its right by notifying the Lessor in writing no later than 120 days in advance of the expiration of the then current term.

3. EARLY TERMINATION: The City may terminate this Lease without liability at any time during the Option Term by providing Lessor written notice no less than six months prior to the effective termination date.

4. RENT: Effective June 1, 2013, and thereafter on the first day of each subsequent month during the Extension Term, the City shall pay to Lessor basic monthly rent (the “Rent”), as follows:

Period	Basic Monthly Rent
6/1/2013 – 5/31/2014	\$ 15,375.75
6/1/2014 – 5/31/2015	\$ 15,837.02
6/1/2015 – 5/31/2016	\$ 16,312.13
6/1/2016 – 5/31/2017	\$ 16,801.50
6/1/2017 – 5/31/2018	\$ 17,305.54

5. RENT DURING OPTION TERM: In the event that the City exercises its option to extend the Lease, the Rent during that term shall be as follows:

Period	Basic Monthly Rent
Year 1	\$ 17,824.71
Year 2	\$ 18,359.45
Year 3	\$ 18,910.23
Year 4	\$ 19,477.54
Year 5	\$ 20,061.86

6. TENANT IMPROVEMENTS: Each year during the Term, Lessor shall provide a tenant improvement allowance in the amount of \$15,000 to complete improvements to the Premises requested by City (“Tenant Improvements”). In completing any Tenant Improvements to the Premises, Lessor shall take all reasonable steps to minimize the disruption to the City’s operations in the Premises, including but not limited to coordinating the work with the City and performing the work outside of normal business hours.

Within one hundred twenty (120) days of the effective date of this Third Amendment, Lessor shall coordinate with the City to perform the initial Tenant Improvements listed below. If the amount of the initial Tenant Improvements described below exceeds \$15,000, Lessor may either

1) complete the work described below and credit the amount to the Tenant Improvement allowance for the following year, or 2) coordinate with the City to establish the order of priority for the following be performed.

1. Addition of new wall and locking door between the pillar and the existing wall within the entry way of the Premises. The door and locking mechanism shall be of similar style and finish to that of other doors within the premises.
2. Installation of a remote lock/unlock of the front entry door to the Premises.
3. Installation of coating film on windows in sidelights by beanery door and lobby door for entry into the Premises.
4. Installation of Cipher Lock from the inner door of the large conference room to the general work area within the Premises.
5. Installation of reflective mirrors in entryway and in stairway.
6. Ensure all door closure mechanisms are in good working order, including that they latch securely upon exit.

6. EFFECT OF AMENDMENT: This Third Amendment shall be effective when signed by an authorized representative of both parties following an authorizing ordinance of Seattle City Council. As used in this Lease, "Term" means and includes the Extension Term and the Option Terms, if any. All references to "the Lease" mean the Master Lease and all subsequent amendments. Except as expressly amended by this Third Amendment, the Lease remains unmodified and in full force and effect as written.

IN WITNESS WHEREOF, Lessor and The City have executed this Second Amendment as of the date first above written.

LESSOR:

PTL PROPERTY Limited Partnership
a Washington Limited Partnership

By: _____

Its: _____

Date: _____

THE CITY:

CITY OF SEATTLE
a municipal corporation duly organized and
existing under the laws of the State of Washington.

Bill Craven
FAS Fire Marshall Lease ORD EXH 1
July 31, 2013
Version #1

By: _____

Its: _____

Date: _____

