#23

Bill Craven
FAS, RDA Lease, ORD
June 25, 2012
Version #3

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117562

AN ORDINANCE authorizing the Director of Finance and Administrative Services to execute a seven-year lease agreement between the City and Fu Quan, LLC, a Washington limited liability company, for a portion of the property located at 800 Maynard Avenue South, commonly known as the RDA Building.

WHEREAS, since 1998, staff from the Department of Parks and Recreation have occupied leased space at the building located at 800 Maynard Avenue South in the International District, commonly known as the RDA Building; and

WHEREAS, in 2004 Ordinance 121748 authorized a new five-year lease with MLMA, LLC for 23,083 square feet of office space, 1,070 square feet of warehouse/storage space, and 26 parking stalls at the RDA Building; and

WHEREAS, in 2005 Fu Quan, LLC purchased the RDA Building from MLMA, LLC and assumed all of its rights and obligations under the terms of the lease; and

WHEREAS, in 2009 Ordinance 123121 authorized the Superintendant of the Department of Parks and Recreation to execute a lease amendment between the City of Seattle and Fu Quan, LLC, to extend the term of the lease; and

WHEREAS, the Department of Parks and Recreation continues to require the space at the RDA Building for its operations; and

WHEREAS, the City has reviewed its inventory of available property and has concluded that there is insufficient office space available for the Department of Parks and Recreation in City-owned property; and

WHEREAS, the City has concluded negotiations resulting in a new agreement to lease the RDA Building for an additional term of seven years at the current market rate;

WHEREAS, City Council's authorization is required because the lease term exceeds the Director of Finance and Administrative Service's authority under Seattle Municipal Code 3.127.020;

CITY COUNCIL CLERK

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. As requested by the Director of Finance and Administrative Services (the Director"), on behalf of the Superintendant of the Department of Parks and Recreation, and recommended by the Mayor, the Director or his designee is hereby authorized to execute, for and on behalf of the City of Seattle, a lease agreement with Fu Quan, LLC, substantially in the form of the Attachment 1 attached hereto, and providing for the City of Seattle's tenancy and occupancy of a portion of the real property located at 800 South Maynard in Seattle.

Section 2. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2012, and signed by me in open session in authentication of its passage this _____ day of _____, 2012.

_____

President _____of the City Council

Approved by me this ____ day of _____, 2012.

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2012.

Monica Martinez Simmons, City Clerk

(Seal)

Attachment 1 – Lease Agreement

LEASE AGREEMENT
PART A – SIGNATURE FORM

THIS LEASE AGREEMENT (the "Lease") is entered into by and between Fu Quan, LLC, a Washington limited liability company (the "Landlord"), and THE CITY OF SEATTLE, as Lessee (the "City"), a municipal corporation of the State of Washington.

1. RECITALS

This Lease is made with reference to the following facts and objectives:

A. On or about November 23, 2004, the City and MLMA, LLC entered into a lease agreement ("Original Lease") whereby the City leased premises located at 800 Maynard Avenue South in Seattle, Washington.

B. On or about October 28, 2005, MLMA, LLC and Fu Quan, LLC entered into an Assignment and Assumption of Lease whereby MLMA, LLC assigned and Landlord assumed MLMA, LLC's rights and obligations as landlord under the Original Lease.

C. On or about November 30, 2009, Landlord and the City entered into a First Amendment of Lease whereby Landlord and the City agreed to amend the Original Lease to extend the term and provide the City with the option to extend, options for expansion and termination, and additional modifications.

D. Now the Landlord and the City desire to further amend the Original Lease, to extend the term, to provide a tenant improvement allowance, and to modify and clarify other portions of the Original Lease pursuant to the Parties' mutual agreement.

2. PREMISES

A. Premises Defined. The Premises are in a portion of a building commonly referred to as the RDA Building (the "Building"), which Building has a total of 68,080 total rentable square feet of office space situated on real property commonly known as 800 Maynard Avenue South, Seattle, WA 98134, further described as follows:

> Lots 5 through 7, Block 8 of Terry's 5th Addition as recorded in Volume 2 of Plats, page 55, Records of King County, Washington, together with on-site parking described as Lots 7 and 8, Block 208, Seattle Tide Lands Addition, an unrecorded plat, together with Lot 1 and the north 20 feet of lots 3, 4 and 8 of Block 1 of Plummers Addition to the City of Seattle,

(the Building and the real property it is situated on are collectively referred to as the "Property"). The Premises comprise approximately 24,153 rentable square feet ("rsf") of space in the Building, of which 23,083 rsf is office space located on Building floor 2 (6,267rsf), Building floor 3 (13,850 rsf) and Building floor 4 (2,966 rsf), and of which 1,070 rsf is basement warehouse space, all as illustrated on the floor and site plan attached hereto as Exhibit A. As used in this Lease, "rentable square feet" are measured in accordance with the ANSI/BOMA 1996 "Standard Method for Measuring Floor Area in Office Buildings.

B. Grant of Premises. Landlord hereby leases to the City, and the City hereby leases from the Landlord, the Premises, subject to the terms and conditions of this Lease.

C. Access. The City shall have access to the Premises twenty-four (24) hours per day, seven (7) days per week, including holidays.

D. Common Areas. In addition to the exclusive use of the Premises, the City shall have the non-exclusive right to use all common areas, entranceways, sidewalks and other areas in or around the Building and Property designated for common use by the City, occupants, tenants, and invitees of the Building (the "Common Areas").

3. PURPOSES

The Premises shall be used for general office use and storage. The City may also use the Premises for other municipal purposes as determined by the City and that do not interfere with the quiet enjoyment of the Property, or any other tenant of Landlord which do not violate any restrictions on use agreed to by Landlord with other tenants and do not unduly increase utility, maintenance, security and/or insurance charges for the Building. The City may permit other governmental agencies and community groups approved by the City to use and occupy the Premises, for which expanded use the written consent of Landlord shall not be required, provided that the City-approved third party use shall not relieve the City of any obligations under this Lease unless otherwise agreed upon in writing with Landlord.

4. TERM

A. Initial Term. This Lease shall be for a seven year term (the "Initial Term") commencing on December 1, 2012 ("Commencement Date"), and expiring on November 30, 2019 (the "Expiration Date").

B. Supersedes Original Lease. So long as this Lease is signed by an authorized representative of both parties following an authorizing ordinance of Seattle City Council, this Lease shall be binding as of the Commencement Date, and shall as of that date supersede and replace all terms and conditions of the Original Lease and First Amendment (defined in Sections 1.A.and 1.C). There are no further rights to lease extensions, financial concessions, expansion options or any other rights which may exist under the Original Lease and First Amendment, if they are not set forth in this Agreement.

C. Option to Extend. The City shall have the right to extend the term of the Lease for an additional five (5) year period ("Extended Term") upon providing written notice to the Landlord not later than February 28, 2019. If the City exercises its option to the Extended Term, all references in this Lease to "Term" shall mean both the Initial Term and the Extended Term.

5. RENT

A. Rent Abatement. In partial consideration of City's extension of the Lease, Rent shall be conditionally abated for the period beginning on the Commencement Date and ending on February 28, 2013. This abatement shall be conditioned on City's full performance of its obligations under this Lease throughout the Initial Term. If at any point during such Initial Term the City is in default of this Lease beyond any applicable cure period, the Rent due for this abatement shall be reinstated, and City shall be required to pay Rent for the period of time conditionally abated under this provision.

B. Base Rent. Beginning on March 1, 2013, and thereafter in advance on or before the first day of each month during the Initial Term, the City shall pay rent as follows (the "Base Rent):

Office	Storage
$34,624.50($18.00/ RSF/Year)	$579.58 ($6.50/RSF/Year)

Base Rent for the office space is subject to adjustment under Subsection 5.C. Base Rent for the storage space shall remain fixed throughout the Term.

C. CPI Adjustment. Beginning on December 1, 2015 and thereafter annually for the remainder of the Initial Term, the monthly Base Rent for the office space shall be adjusted by an amount equal to the lesser of 3% or the percentage change that occurred in the U.S. Consumer Price Index for All Urban Consumers (U.S. CPI-U) in the twelve month period preceding the adjustment date, using the data as published by the United States Department of Labor's Bureau of Labor Statistics, or its successor. By way of illustration only, if the CPI-U is 190 at the beginning of the applicable twelve month period and the CPI-U figure for the last month before the adjustment year is 195, then the Base Rent shall be increased by 2.63 percent. The Landlord shall give the City not less than thirty (30) days written notice prior to the Base Rent adjustment date. This notice shall include the amount of the adjusted Rent and the date the new Rent is to become effective. If Landlord's estimated CPI adjustment is less than the actual CPI adjustment, upon notice from Landlord, the City shall include any additional amount of Base Rent owing in the next monthly installment of Base Rent. If the estimated CPI adjustment exceeds the actual CPI adjustment, upon notice from Landlord, the City may apply any excess to the next monthly installment of Base Rent. Failure or refusal by the City to pay the adjusted rental rate shall constitute a default of this Lease for which the Landlord may terminate with not less than Five (5) calendar days prior written notice. The annual rent adjustment shall not be adjusted by any greater than 3% of the prior year's rent. If the U.S. CPI-U is discontinued, the parties shall select and use for the Base Rent adjustment a similar index that reflects consumer price changes generally recognized as an authority by financial and insurance institutions.

D. Rent during Extended Term. If the City exercises its option to extend, rent for the Extended Term shall be adjusted to the then-current market rate for similar office space in the Pioneer Square and International District sub-markets, with consideration given for market concessions to tenants in those areas.

The parties shall have thirty (30) days after the Landlord receives the extension notice in which to agree on the rent for the Extension Period. If the parties agree on the rent for the Extended Term during that thirty (30) day period, they shall promptly execute an amendment to the Lease stating the rent.

If the parties are unable to agree on the rent for the Extended Term within thirty days after Landlord receives the City's notice, then the parties may agree to continue negotiations, or either party may elect to arbitrate the rent using the process in this section. To initiate arbitration, the initiating party shall give the other party written notice identifying a licensed real estate appraiser with at least five (5) years full-time

commercial appraisal experience in the Seattle, Washington area, and who the initiating party has appointed, at its own cost, to appraise and set the rent for the Extended Term. The other party shall have ten (10) days to appoint an appraiser meeting the same minimum standards to appraise and set the rent on behalf of the non-initiating party, at its cost. If the non-initiating party does not appoint its own appraiser and provide written notice to the initiating party within the ten (10) day period, the single appraiser selected by the initiating party shall be the sole appraiser and shall set the rent for the Extended Term. If two appraisers are appointed by the parties as provided in this paragraph, the appraisers shall meet promptly and attempt to set the rent for the Extended Term. If the two appraisers are unable to agree within thirty (30) days after the second appraiser has been appointed, the parties shall have ten (10) additional days to agree upon the rent. If the parties are unable to agree within ten (10) days, they shall direct the two appointed appraisers to select a third appraiser meeting the qualifications stated in this paragraph, or if they are unable to agree on the third appraiser, one meeting the same qualifications shall be appointed by Judicial Dispute Resolution in accordance with its rules. The third appraiser, however selected, shall be paid in advance by the Landlord and the City, one-half share each, and shall be a person who has not previously acted in any capacity for either party, unless the parties otherwise agree.

Within ten (10) days after the selection of the third appraiser, the third appraiser shall select one of the two appraisals as the appraisal that most accurately reflects current market rate for rental of similar space in the Pioneer Square and International District sub-markets, which shall then become the rent for the Extended Term, payable in equal monthly installments in advance on the first day of each calendar month, and the parties shall promptly execute an amendment to the Lease reflecting the rent set by arbitration.

Notwithstanding anything herein to the contrary, the appraisers shall exclude from their valuations the reasonable value of any leasehold improvements made by the City to the Premises, which value shall in no event be less than the unamortized costs of such improvements on the City's books as of the date the appraisers determine the value of the Premises.

6. OPERATING COSTS AND REAL PROPERTY TAXES

A. Payment of City Share of Operating Costs. In addition to Base Rent, the City shall pay City's Share (defined below) of the Operating Costs and Real Property Taxes. On or before April 15th of each year during the Term, Landlord shall give the City notice of Landlord's reasonable estimate of the City's Share of Operating Costs and Real Property Taxes associated with the Property for that calendar year. The City shall pay a fraction of the City's Share of Operating Costs and Real Property Taxes based upon Landlord's estimate, the numerator of which fraction shall be one (1) and the denominator of which shall be the number of full months remaining in the calendar year after the date that the City received Landlord's estimate of the City's Share. Provided that the notice was received on or before the 15th day of the month, the City shall make payment in advance, on the first (1st) day of each month from and after the date the City received the notice. If the City received notice after the 15th day of the month of, then the City shall make payment on or by the 30th day after the City's receipt of notice. After the end of each calendar year during the Term, but no later than April 15th of the next succeeding calendar year, Landlord shall compute the City's Share for the immediately preceding calendar year based on Landlord's actual Operating Costs and Real Property Taxes and shall deliver a notice to the City itemizing the same in reasonable detail and

the difference, if any, between the amount paid by the City based on Landlord's estimate and the actual amount due from the City for the preceding year. If the City's Share based upon the actual Operating Costs and Real Property Taxes is greater than the amount paid by the City based upon Landlord's estimate, the City shall pay Landlord the deficiency within thirty (30) days after the City's receipt and approval of an invoice from Landlord. If City's Share based upon the actual Operating Costs and Real Property Taxes is less than the total amount paid by the City, Landlord shall credit the excess to the City's payment of Base Rent, Additional Rent and the City's Share of Operating Costs and Real Property Taxes thereafter coming due until the excess payment has been exhausted. If Landlord obtains information during any calendar year regarding Operating Costs or Real Property Taxes associated with Landlord's Property that alters Landlord's prior estimate by more than ten percent (10%), Landlord may adjust the amount due from the City under this section during the balance of that calendar year by giving the City written notice and a copy of all data upon which the adjustment is based.

B. Definitions. For purposes of this Lease, the following definitions shall apply:

(1) "Operating Costs" shall mean all expenses paid or incurred by Landlord in connection with owning, maintaining, operating, insuring, repairing and administering the Property and the personal property used in conjunction therewith, including, without limitation, the costs of refuse collection, water, sewer, fire protection and other utilities and services for which the City does not pay for directly; all supplies, materials, labor, equipment, equipment rental charges, service contracts, insurance and utilities to the extent used directly in operation, maintenance and repair of the Property, including Common Areas; snow removal; security services and systems; landscape maintenance; services of independent contractors; compensation (including employment taxes, insurance and fringe benefits) of all persons who perform duties in connection with the operation, maintenance, repair and administration of Property, its equipment and facilities (but only to the extent they provide services with respect to the Property, and not to services provided in connection with other property owned by Landlord); insurance premiums for all insurance carried by Landlord with respect to Landlord's Property (but not with respect to other property owned by Landlord) and the personal property used in connection with Landlord's Property and the amount of any deductible paid or assumed in connection with a loss or claim directly associated with the Landlord's Property and no other property owned by Landlord; licenses, permits and inspection fees directly associated with Landlord's Property and no other property owned by Landlord; subsidies and other payments required by public bodies and costs incurred in connection with compliance with governmental requirements including, but not limited to, public transportation and parking associated with Landlord's Property and no other property owned by Landlord; amounts amortized by Landlord to cover the cost of replacements of systems and equipment and capital improvements designed to improve the operating efficiency of the Building, with such amortization based on the estimated useful life of such items and annualized on a straight line basis, and any other cost or expense expressly designated by this lease to be an Operating Cost. In calculating Operating Costs, Landlord shall not include any item of cost more than once.

"Operating Costs" shall not include any of the following:

(a) the cost of repairs or other work occasioned by fire, windstorm or other casualty when such costs are reimbursed to Landlord by insurers or would have been reimbursed to Landlord if Landlord had been in full compliance with the insurance provisions of this Lease, or repairs or other work required and reimbursed by required and reimbursed by any governmental authority exercising the power of eminent domain, or by any other person or entity;

(b) leasing commissions, broker fees, legal fees, costs and disbursements and other expenses incurred in connection with any negotiation or dispute with any tenant, other occupant, or prospective tenant or other occupant of any portion of the Property and all other legal fees and costs, whether or not in connection with the foregoing;

(c) costs incurred in renovating or otherwise improving or decorating or redecorating space for any tenant or other occupant in the Building or vacant space in the Building (including without limitation any allowance or inducement made to any other tenant or occupant);

(d) costs of correcting defects in the construction of the Building (including latent defects in the Building) or in the Building equipment;

(e) the costs of HVAC, electricity or any other utility or service furnished to any tenant (including the City) for which Landlord or the utility or service provider is entitled to be directly reimbursed or compensated by a tenant (whether or not actually collected by Landlord or such utility or service provider);

(f) costs incurred by Landlord for alterations and replacements that are considered capital expenditures under generally accepted cash basis accounting principles, consistently applied, except for purposes of this subsection (f), painting of Common Areas and replacement and repair of Common Area fixtures necessitated by ordinary wear and tear and use may be charged as an Operating Cost even though treated as a 'capital expense' for accounting purposes;

(g) costs incurred due to the violation by Landlord or any tenant or other person or entity of any of the terms and conditions of any lease or other agreement pertaining to the Property or any portion thereof, or costs incurred due to the violation of any legal requirement, building code, regulation or law applicable to the Property or any portion thereof, or costs incurred due to any act or omission of any tenant causing an increase in the rate of insurance on the Building or its contents;

(h) any overhead or profit increment paid to a subsidiary, affiliate, partner or member of Landlord or any component of Landlord for any service on or to the Building, to the extent that the costs of such service exceed competitive costs for the same service rendered by an unaffiliated third person or entity of similar skill, competence and experience;

(i) principal and interest on any debt or rental under any ground or underlying lease;

(j) costs of Landlord's general overhead and general administrative expenses that would not be chargeable as an Operating Cost in accordance with generally accepted cash basis accounting principles, consistently applied; provided, Operating Costs may include a third-party property market rate management fee not to exceed three and

COUNCIL CLERK

one-half percent (3.5%) of rents payable hereunder with the exception of Additional Rent;

(k) any cost or expense to the extent Landlord is entitled to payment or reimbursement from any tenant (including the City), insurer or other person (other than through payment of its proportionate share of Operating Costs) or for which any tenant (including the City) pays a third person;

(l) any other expense that, under generally accepted cash basis accounting principles, consistently applied, would not be classified as a normal maintenance or operating cost of the Building;

(m) any expenses relating to repairs or replacements of the foundation, exterior or interior structural walls, or roof of the Building or of latent defects; and

(n) any fines, penalties, legal judgments or settlements of causes of action by or against Landlord.

(o) costs of Landlord's commercial liability insurance;

(p) any income, inheritance, gift or estate taxes imposed by any authority having the direct or indirect power to tax any legal or equitable interest of Landlord in the Property or Landlord's right to rent or other income there from;

(q) depreciation or amortization of the original cost of Landlord's Property; or

(r) Real Property Taxes.

(2) "*Real Property Taxes*" shall mean all taxes of every kind and nature on Landlord's Property and on personal property used by Landlord in conjunction therewith; surcharges and all local improvement and other assessments levied with respect to Landlord's Property and all other property of Landlord used in connection with the operation of Landlord's Property.

(3) "*City's Share*" shall mean the dollar amount of the total, annual Operating Costs and Real Property Taxes multiplied by thirty-three and nine tenths percent 33.9%. The City's Share is based upon the office portion of the Premises divided by the total amount of office space in the Building.

C. Audit. Landlord shall keep accurate and complete books and records documenting Operating Costs and Real Property Taxes. The City may audit Landlord's books and records and Landlord's itemized statement of Operating Costs and Real Property Taxes once per year; and Landlord shall make its books and records available to the City for such purpose. If the City's audit reveals an overcharge or undercharge of any amount due from City under this Lease, then an appropriate adjustment shall be made by the party owing money to the other party. In addition, if the City's audit reveals an overcharge of more than five percent (5%) of the City's Share of Operating Costs and Real Property Taxes, then Landlord shall pay the reasonable costs of the City and or State of Washington audit so long as it was not performed in exchange for a contingent fee, which payment shall be made within thirty (30) days of Landlord's receipt of an invoice therefor.

7. UTILITIES

A. Utility Services. Landlord represents to the City that the natural gas meter supplying the HVAC provided to portions of the Building leased to another tenant is not separate from the meter supplying the HVAC serving the Premises. Landlord shall provide, and shall pay for when due all utilities that are not separately metered to a tenant, and other services on or to the Premises including but not limited to gas, water, sewer, garbage removal, and security and shall include the costs in the Operating Costs. Landlord shall also provide and pay for all reasonable utilities and services required for the Common Areas, including but not limited to electricity, water and sewer, light bulb replacement, trash removal, landscaping, and such other services as are customarily provided in similar facilities in the locale of the Building, the charges for which shall be treated as an Operating Cost. The City shall pay all charges for utility installations and modifications thereto occasioned by the City's requirements,

B. Janitorial Services. The Landlord shall secure and directly pay for whatever janitorial services are desired by the City with respect to the Premises and such services shall be considered Operational Costs as defined above. Services to be provided include those described in Exhibit B, Janitorial Bid Specifications.

C. Interruption of Utility or Other Services. If any service or utility to the Premises is interrupted as the result of any act or omission of Landlord, or its officers, employees or agents, and the interruption continues for three (3) or more days after notice to Landlord, the Base Rent shall be abated in an amount that is fair and reasonable based on the degree of interference with the use of the Premises, from the date of the interruption until the service or utility is restored to full capacity. If the interruption continues for more than three (3) days after notice to Landlord, the City shall have the right to attempt to repair the interruption, without liability to Landlord (except for the City's negligence). If the City makes any repair to restore the utility or service and if the interruption was the result of the Landlord's act or omission, or that if any of its officers, employees, or agents, in addition to abatement of the Base Rent, the City may offset the cost of repair against any Base Rent then due or to become due.

8. INSURANCE

A. Landlord shall maintain all risk property insurance on a replacement cost basis on the Building, excluding City's tenant improvements and contents ("Building Property Insurance"). Such insurance shall be for the sole benefit of Landlord and under its sole control.

B. City shall maintain all risk property insurance or self-insurance on a replacement cost basis on its tenant improvements and contents. Such insurance or self-insurance shall be for the sole benefit of City and under its sole control.

C. Landlord may include Landlord's cost of carrying Building Property Insurance in Operating Costs, and City shall pay City's Share to the extent in excess of the Base Year amount, as provided under Section 6.

D. The Landlord accepts the City's self insurance program.

9. TENANT IMPROVEMENTS

Within one hundred twenty (120) days of the Commencement Date, Landlord shall coordinate with the City to paint the walls of the Premises with paint mutually approved by the City and Landlord. Additionally, within one hundred twenty (120) days of the Commencement Date, Landlord shall coordinate and work with the City to replace the carpet throughout the Premises using a carpet type and color mutually approved by the City and Landlord. Landlord 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. Further, within thirty (30) days of the Commencement Date of this Lease, the Landlord shall select an independent contractor acceptable to the City to conduct an inspection of the existing heating and ventilation mechanical systems for the Building servicing the Premises. Landlord shall perform any repairs or improvements recommended by the contractor up to a maximum expenditure of fifty thousand dollars ($50,000.00). The Landlord shall, at its sole cost and expense, and even if not recommended by the contractor, rebalance, rezone and adjust the existing HVAC system servicing the Premises to provide a reasonable level of comfort for the occupants of the Premises, which costs shall be included in the $50,000 referenced above. All work to be performed by the Landlord in this Section 9 shall collectively be referred to as the "Tenant Improvements". In the event of leftover funds from the HVAC system upgrades the funds shall be used to fix, repair, and or replace the security system for the benefit of the City, the security system must be upgraded, fixed and or replaced to the reasonable acceptance of the City. Additionally, if funds are left over from the above two items excess money shall be used to fix, repair, resurface and restripe the parking area used by the City.

10. PARKING

At its option, the City shall have the right to exclusive use of up to twenty-six (26) designated parking stalls at the Property at the fixed rate of $50.00 per month per stall for the first thirty-six months of the Term, and the fixed rate of $100.00 per month per stall for the balance of the Term. The City shall make payment for the applicable number of parking stalls in the same time and manner that the City pays Base Rent; however, the parking fees are not subject to the CPI adjustment.

11. ENTIRE AGREEMENT

This Lease agreement includes the following parts and exhibits, each of which is incorporated and made a part of this Lease:

Part A	Signature Form
Part B	General Terms and Conditions
Exhibit A	Floor and Site Plan
Exhibit B	Janitorial Services

This Lease is the entire and final expression of the agreement of the parties with respect to the Premises. There are no other understandings or agreements, written or oral, between the parties relating to the subject matter of this Lease.

12. NOTICES AND COMMUNICATION

City Mailing Address:
City of Seattle
Park & Recreation Department
ATTN: Property & Acquisition Services
800 Maynard Avenue South
Seattle, WA 98134
206-684-4860

With a copy to:
City of Seattle
Finance and Administrative Services
Attn: Real Estate Services
PO Box 94689, Ste 5200
Seattle, WA 98124-4689
206-733-9238

Landlord Mailing Address:
Fu Quan, LLC
ATTN: Mark Chow
P. O. Box 1253
Mercer Island, WA 98040

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

LESSEE, THE CITY OF SEATTLE

By_____
Fred Podesta, Director
Department of
Finance and Administrative Services

Signed pursuant to City Ordinance:_____

LANDLORD, Fu Quan, LLC

By _____
Mark Chow

Its _____

Next page for acknowledgements

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STATE OF _____)
) ss. [acknowledgement for Landlord]
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the individual who appeared before me, and said individual acknowledged that (s) he signed this instrument, on oath stated that (s) he was authorized to execute the instrument and acknowledged it as the _____ of the _____ to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____

_____
(Notary Signature)

_____
(Print Name)

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

STATE OF WASHINGTON)
) ss. [acknowledgement for City]
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Fred Podesta is the person who appeared before me and acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument as the Director of the Department of Finance and Administrative Services on behalf of THE CITY OF SEATTLE and acknowledged it to be the free and voluntary act of the City for the uses and purposes mentioned in the instrument.

Dated: _____

_____
(Notary Signature)

_____
(Print Name)

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

LEASE AGREEMENT
PART B - GENERAL TERMS AND CONDITIONS

1. POSSESSION

If the Landlord is unable to deliver possession of the Premises, or any portion thereof, on the Commencement Date, 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 Landlord's failure to deliver possession. If the City elects to cancel, the Landlord shall be liable for incremental costs and other damages incurred by the City in acquiring comparable property. If 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 Landlord can deliver possession.

2. ACCESS

The City shall allow the Landlord or the Landlord's agent free access to the Premises at all reasonable times, with twenty-four (24) hour prior written notice from Landlord and authorization of the City, to inspect, clean, or make repairs, additions or alterations to the Premises or any connected property owned by or under the control of the Landlord. This provision shall not be construed as an agreement on the part of the Landlord to make such repairs, additions or alterations, nor shall it be construed as a waiver of the City's right of quiet enjoyment. All work by the Landlord in or around the Premises shall be undertaken in a way so as to minimize interference with the City's use of the Premises.

3. CARE OF PREMISES

A. General Obligation. The City shall take good care of the Premises and shall at its own cost and expense keep and maintain all parts of the Premises (except those for which Landlord is expressly responsible under the terms of this Lease) in good condition. City's obligation shall not apply to repair or maintenance of damage that is the subject of any warranty, guaranty, or agreement given by a third party to Landlord. The City shall not: (i) permit any waste, damage or injury to the Premises, or (ii) use or permit in the Premises anything that will increase the rate of fire insurance or that may be dangerous to life or limb, or (iii) permit any objectionable noise or odor to escape or to be emitted from said Premises, or (iv) permit anything to be done at the Premises that in any way will tend to create a nuisance.

B. Custodial Service. Reserved – See Part A.

C. Maintenance and Repairs. Unless otherwise provided in this Lease, Landlord shall keep and maintain all Common Areas, the Building, and the Property, including but not limited to the structural and non-structural Building components, the roof, foundation, walls, the electrical system, the plumbing, the HVAC systems, and the parking areas, in good order, condition, and repair. Landlord shall accomplish all maintenance and repair work promptly, using first-class materials, in a good and workman-like manner and in compliance with all applicable laws. The City shall be responsible for the costs associated with Landlord's maintenance and repairs only as provided under Part A-Section 6.

D. Failure to Repair. If Landlord shall fail to make any routine repair or maintenance required under this Lease, the City shall immediately give Landlord written notice of the defect or need for repairs, after which Landlord shall have a reasonable opportunity and time to perform the repair or maintenance. If the Landlord fails to perform the repair or

maintenance within a reasonable time following written notice, the City, at its option, perform the repair or maintenance and deduct the actual and reasonable cost from the Base Rent. This section shall not apply to any casualty or damage covered under Section

4. DAMAGE OR DESTRUCTION

If the Premises are damaged by fire, earthquake, act of war, or other extraordinary casualty to such an extent as to render the Premises untenantable in whole or in a substantial part thereof, or if the Premises are destroyed, it shall be optional with the Landlord to repair or rebuild the same. The City shall give the Landlord or the Landlord's agent written notice of any damage or casualty to the Premises within forty-eight (48) hours of City's discovery of such occurrence. The Landlord shall have not more than ten (10) days after the date of such notification to notify the City in writing of the Landlord's intentions to repair or rebuild the Premises; and if the Landlord elects to repair or rebuild the Premises, the Landlord shall prosecute the work without unnecessary delay. During any period in which the Premises are not fit for the intended and permitted use because of any casualty or damage, the City's obligation to pay Base Rent and Operating Costs shall be abated in the same ratio that the portion of the Premises rendered unfit for occupancy bears to the whole of the Premises. If the Building in which the Premises are located is destroyed or is damaged (even though the Premises hereby leased is not damaged thereby) to such an extent that, in the opinion of the Landlord, it is not practicable to repair or rebuild, then the Landlord may, at its option, terminate the Lease by providing written notice thereof to the City within thirty (30) days after such damage or destruction has been determined to be irreparable. Otherwise, the Landlord shall undertake the repair or rebuilding of the Building without unnecessary delay.

5. COMPLIANCE WITH LAW

A. General Requirement. The Landlord 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 (collectively, "Laws"), however the City shall perform and comply with all applicable Laws with respect to the occupancy and use of the Premises and any improvements made thereto by the City.

B. Licenses and Similar Authorizations. The Landlord and the City each shall secure and maintain in full force and effect during the Term, all required licenses, permits, and similar legal authorizations necessary to carry out their respective obligations under the Lease and to comply with all requirements thereof.

C. Taxes. The Landlord shall pay, before delinquency, all taxes, levies and assessments on the Property.

D. Nondiscrimination. Without limiting the generality of Subsection 8. (a), Landlord agrees to and shall comply with all applicable equal employment opportunity and nondiscrimination laws of the United States, the State of Washington and The City of Seattle, including but not limited to Chapters 14.04, 14.10 and 20.42 of the Seattle Municipal Code, as they may be amended from time to time, and rules, regulations, orders and directives of the associated administrative agencies and their officers.

COUNCIL CLERK

6. INDEMNIFICATION

A. Landlord's Obligation. The Landlord shall defend, indemnify, and hold the City harmless from all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including City's actual and reasonable personnel and overhead costs and attorneys' fees and other costs, regardless of whether the claims involve litigation) resulting from any actual or alleged injury (including death) of any person or from any actual or alleged loss of or damage to, any property to the extent caused by the negligence of the Landlord or any of its employees or agents or caused by any fault or defect inherent in said structure or any defect in or malfunction thereof not discernible by reasonable inspection, except if and to the extent caused by or attributable to the City.

B. City's Obligation. The City shall defend, indemnify, and hold the Landlord harmless from all claims, suits, losses, damages, fines, penalties, liabilities, and expenses (including the Landlord's actual and reasonable personnel and overhead costs and attorneys' fees and other costs, regardless of whether the claims involve litigation) resulting from any actual or alleged injury (including death) of any person or from any actual or alleged loss of or damage to property to the extent caused by the negligence of the City or any of its employees.

BY SIGNATURE ON PART A, THE PARTIES ACKNOWLEDGE THAT THE INDEMNIFICATION OBLIGATIONS UNDER THIS PART B SECTION 9 WERE MUTUALLY NEGOTIATED AND AGREED UPON.

7. WAIVER OF SUBROGATION

The City and Landlord and their respective insurers waive all subrogation rights against each other for damage caused by fire or other perils to the extent arising out of or incident to the occurrence of any of the perils which are covered by any insurance policy or which would have been covered by the insurance required under this Lease.

8. SIGNS

The City may place identification signs upon the Premises, subject to the prior approval of the Landlord; and permission to place such signs shall not be unreasonably withheld by the Landlord. The Landlord 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 one hundred eighty (180) days prior to the expiration of this lease.

9. 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 Landlord for such work. Any alteration, addition or improvement 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 as agreed upon by the City and the Landlord.

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

COUNCIL CLERK

C. If any of the alterations, additions and improvements as installed by 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 Landlord upon the expiration or termination of this lease. In the event said improvements are surrendered, the Landlord and the City shall agree as to their value, and if they constitute a benefit to the Premises, compensation in the agreed amount therefore shall be made to the City within fifteen (15) days of said surrender. If the City and the Landlord cannot agree upon compensation for said benefit to the Premises, the City shall remove said alteration, addition and improvement, exercising due caution and care to minimize damage to the Premises. The Landlord shall accept responsibility for the minimal repair resulting from said improvement removal.

D. The City shall not without the written consent of the Landlord, operate or install any electrical equipment or machinery (other than ordinary office equipment, security equipment, i.e. access control system, closed circuit television CCTV, etc.), or replace or relocate any electric light fixtures.

10. DEFAULT; TERMINATION; CITY TERMINATION

A. If either party to this Lease fails to perform any term, provision, covenant or obligation under this Lease, that party shall be in "Default".

B. If either party is in Default, and the 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, terminate this Lease and pursue any other remedy at law or equity. Notwithstanding the foregoing, if the nature of the Default is such that it cannot reasonable be corrected within thirty (30) days, the non-breaching party may not terminate this Lease if the party in Default commences a cure within thirty days and thereafter diligently pursues it to completion.

11. SURRENDER OF PREMISES

Upon the expiration or termination of this Lease, including any extensions thereof, whichever is earlier, the City shall quit and surrender the Premises and all keys thereto, without notice and in as good condition as received on the Commencement Date, 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 Landlord or its agents; latent defects or faulty construction of the structure of which the Premises comprise a part, not discoverable by inspection at the time of taking possession; and alterations, additions or improvements made to the Premises by the City.

12. GOVERNING LAW, JURISDICTION AND VENUE

This Lease shall be governed and construed under the law of the State of Washington. In the case of a dispute between the parties, jurisdiction and venue over such dispute shall be with the Superior Court of King County, Washington.

13. 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 in writing.

14. 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 Landlord or any party associated with the Landlord in the conduct of the Landlord's business or otherwise. This Lease does not constitute the Landlord as the agent or legal representative of the City for any purpose whatsoever.

15. 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 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 both parties.

16. NO WAIVER OF DEFAULT

The City does not waive full compliance with the terms and conditions of this lease 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.

17. BINDING EFFECT

This lease 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.

18. INVALIDITY OF PROVISIONS

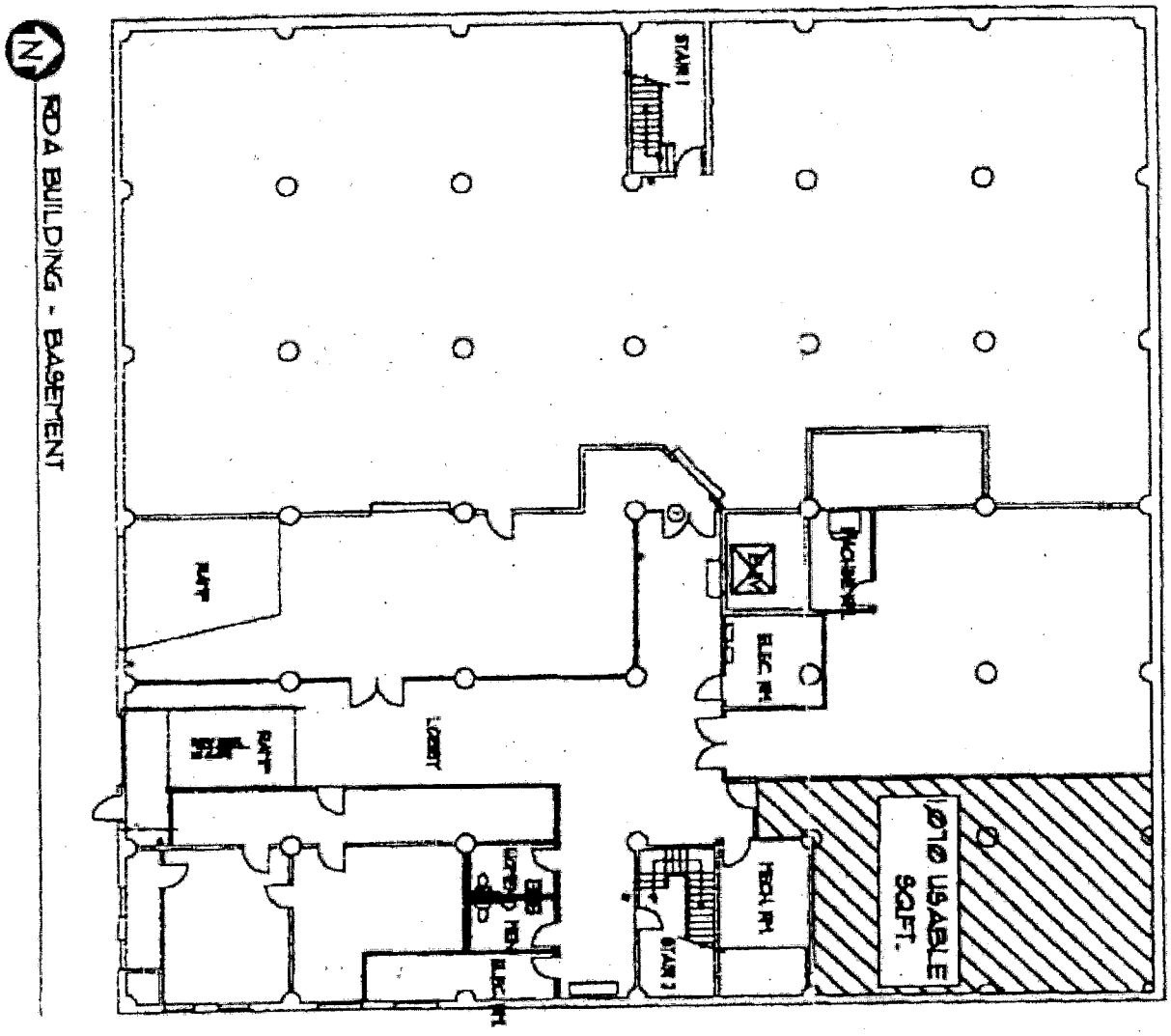
Should any term, provision, condition or other portion of this lease be held to be inoperative, invalid or void, the same shall not affect any other term, provision, condition or other portion of this lease; and the remainder of this lease shall be effective as if such term, provision, condition or portion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

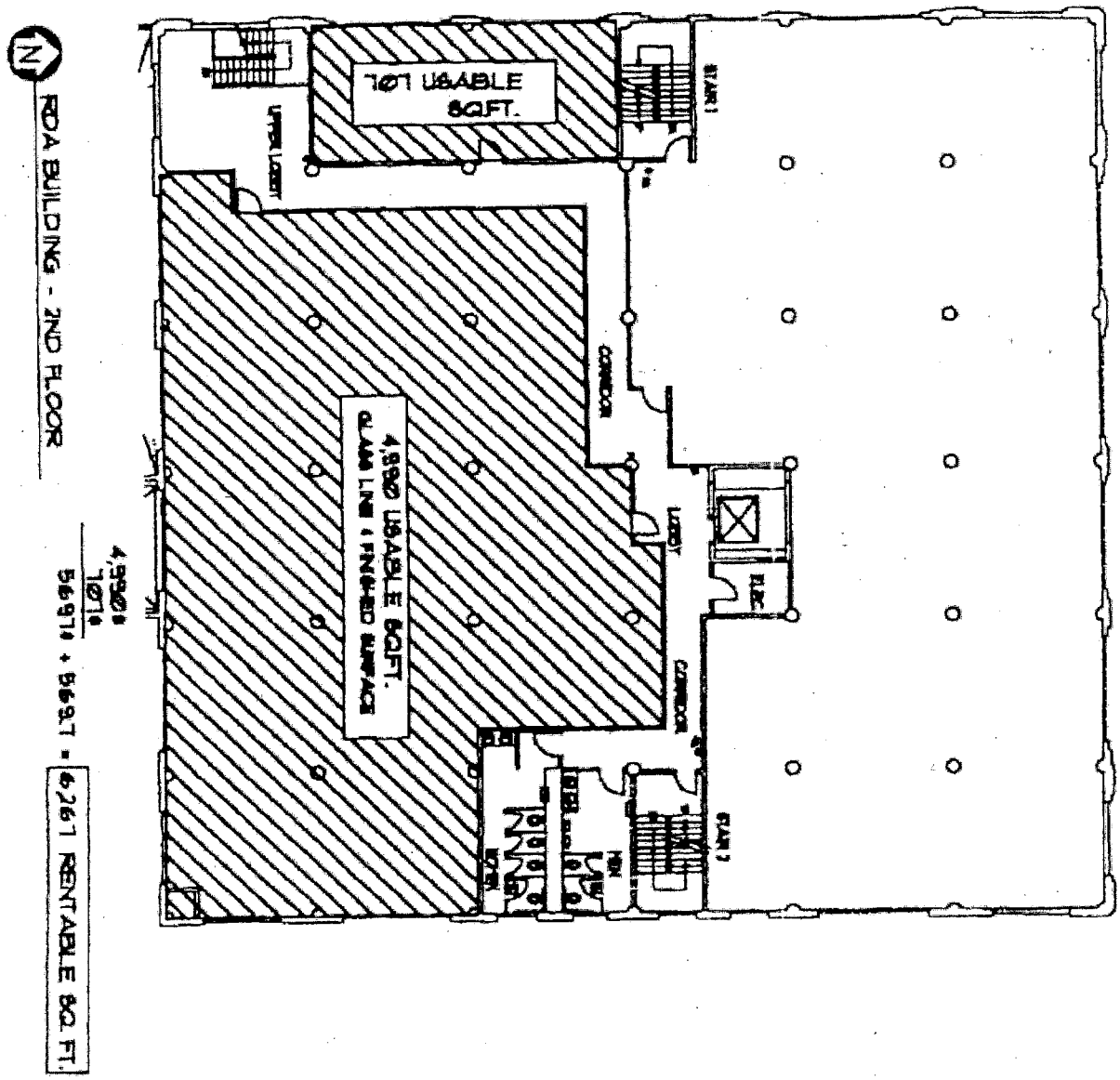
19. BROKERS

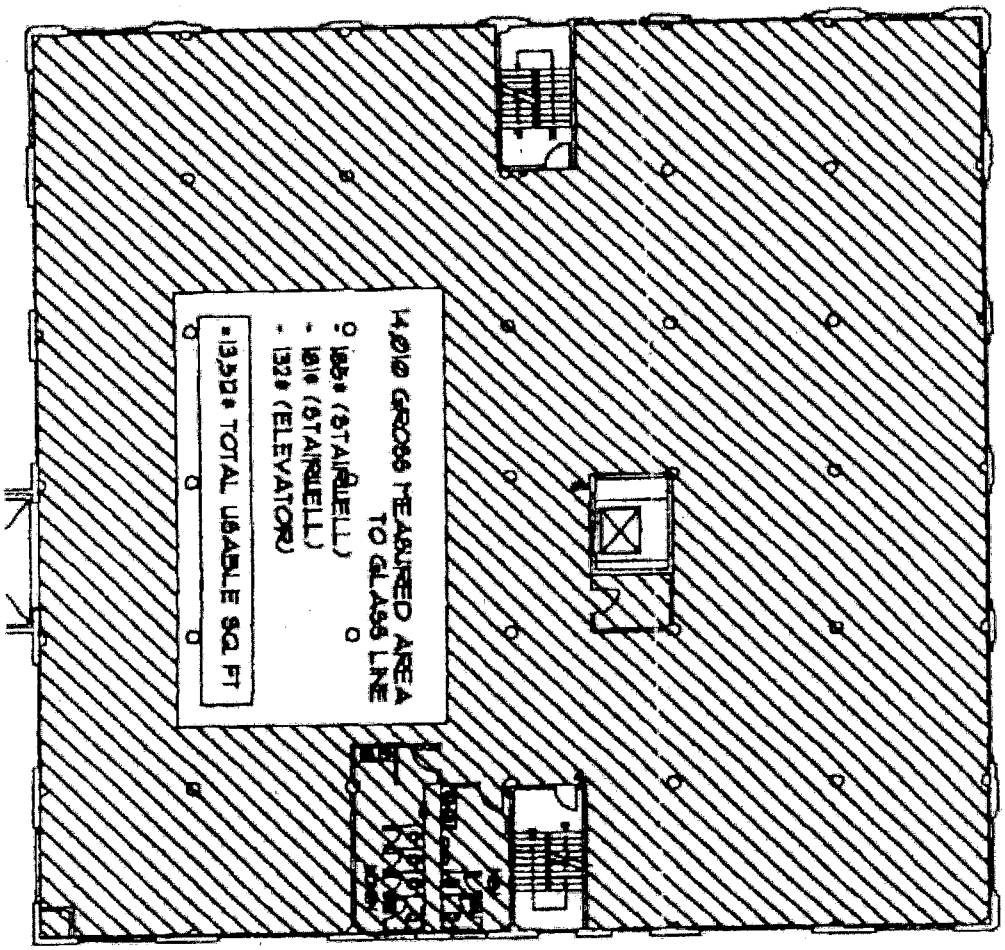
Landlord and City represent and warrant, each to the other, that neither has engaged or used the services of a real estate broker, salesman, agent or other finder in connection with this transaction other than Kidder Mathews, on behalf of Landlord and Dan Flinn & Dan Foster of Flinn Ferguson, on behalf of the City(hereinafter, the "Brokers"). Landlord agrees to pay the Brokers a commission with respect to this Lease of the Premises in accordance with the terms of a separate listing agreement, if any, or if no separate listing agreement exists, a usual, and customary real estate commission. Land lord and the City shall indemnify, defend and hold harmless the other from any and all claims of real estate brokers, salesman, agents, or finders other than the Brokers arising through such parties' actions in connection with this lease.

EXHIBIT A

Building Plan




N
RDA BUILDING - 2ND FLOOR
707 USABLE SQ.FT.
4,990 USABLE SQ.FT.
GLASS LINE & FINISHED SURFACE
UPPER LOBBY
CORRIDOR
LOBBY
CORRIDOR
STAIR 1
STAIR 2
4,990
707
5697 + 569.7 = 6,267 RENTABLE SQ. FT.



N RDA BUILDING - 3RD FLOOR

+ FACTOR = 18,850 RENTABLE S.F.

PER CK.

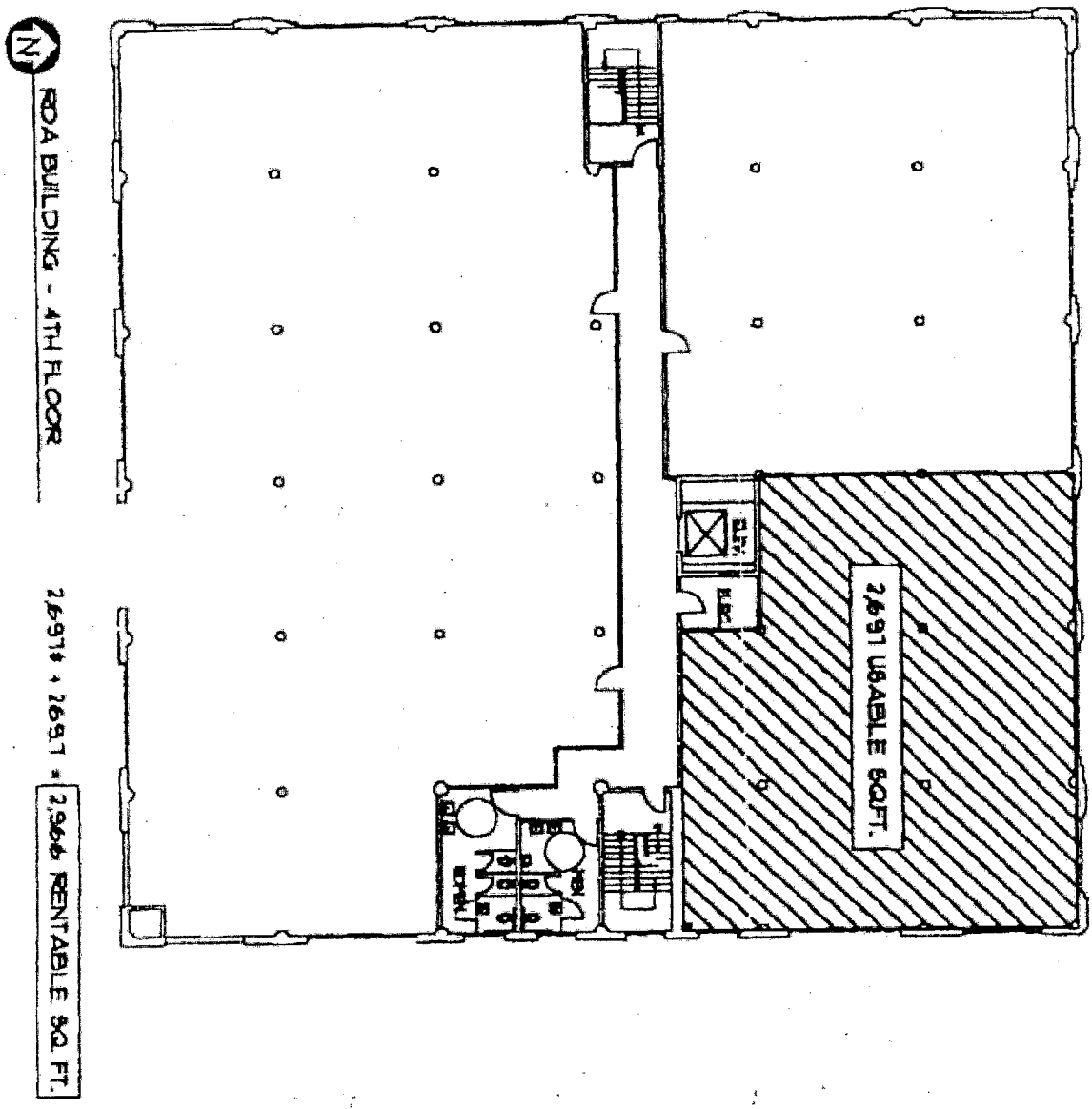

N
RDA BUILDING - 4TH FLOOR
2,691 USABLE SQ.FT.
2,691# + 269.7 = 2,960.6 RENTABLE SQ. FT.

Exhibit B
Janitorial Specifications

Janitorial Bid Specifications

Definition of area: Net Rentable; the entire area bounded by the inside surface of the exterior glass wall (or permanent exterior wall where there is no glass) of the building including all areas used for elevator lobbies, corridors, special stairways, elevators, rest rooms, mechanical rooms, electric rooms, telephone or janitorial closets.

I. **Common Areas - Exterior**
Level of Cleaning - Above Standard

A. Nightly Services (5 days per week, Sunday through Thursday, excluding 7 holidays per year).

1. Remove finger prints from entry door and partition glass (inside & out). (Note: 4 locations)
2. Sweep and dispose of debris outside entry sidewalks (including under the benches) and stairs. This area shall include the concrete pad extending to the parking lot and side walkways at all building entrances.
3. Wipe clean sidewalk entry lights and report any entry lights out.
4. Remove any "waste" from bird or foul droppings on sidewalks where applicable.
5. Entrance mats to be vacuumed and spot cleaned.
6. Empty exterior trash receptacles.
7. Clean sand urns and replace sand when necessary (from Owner's supply).

B. Weekly Services

1. Sweep clean all exterior decks. (Note: 10 decks)
2. Wash all garage entries outside of elevator doors (all levels).

II. **Common Areas - Interior**
Level of Cleaning - Above Standard

A. Nightly services (5 days per week, Sunday through Thursday, excluding holidays per year).

1. Vacuum building lobbies and public corridors.
2. Sweep and spot clean all resilient, tile and wood floors.
3. Clean (vacuum and spot clean) all entry mats.
4. Vacuum, sweep and/or dust all stairwells, landings and rails.
5. Empty and wipe any public ashtrays, wall-mounted or floor models.
6. Clean all building accessories.
7. Record any lights out in public (and tenant) areas.
8. Clean and disinfect all drinking fountains.
9. Wipe clean exterior and interior elevator doors, call buttons, tracks and frames.
10. Vacuum and edge elevator cars and polish interior stainless steel or brass doors and mirrors.
11. Wipe, dust, vacuum any lobby/furniture.
12. Spot clean any soiled carpeted areas using care not to damage carpet.
13. All chrome/stainless steel will be cleaned & polished as necessary throughout the building.
14. Clean and polish building & suite directories.
15. Spot clean walls and switch plates of prints and smudges.
16. Maintain janitorial closet in clean and orderly condition.

CONTINUED

17. Check to make sure all office entry and exterior doors and windows are closed locked, and that all task lighting is turned off when leaving (unless tenant is in space). Report any task lights and appliances (radios) that are left on to Owner/Manager.

B. Weekly Services

1. Dust window blinds and frames.
2. Inspect elevator cars for:
   a. call bells out on each floor.
   b. Lobby indicator lights out on all floors.
3. Dust and vacuum all lobby furniture.

C. Monthly Services

1. Spot clean all wood and rubber base.
2. Wash any common area trash receptacles. (sooner if needed)
3. Dust all high areas throughout common areas of building which require use of ladder including lighting and HVAC return & supply grills.

III. **Common Area Restrooms**
Level of Cleaning - Above Standard

A. Nightly Services

1. Clean and disinfect restroom basins, toilets, toilet seats, wall urinals, counter tops & showers.
2. Sweep and wet mop with neutral cleaner all restroom floors.
3. Clean and polish all restroom mirrors, chrome plumbing connections and restroom hardware.
4. Replenish toilet tissue, hand soap and other restroom supplies from Owner's stock.
5. Replenish restroom waste disposal receptacles with polyliners supplied by Owner.
6. Spot clean restroom partitions and walls.
7. Sanitary napkin receptacle to be emptied and restocked. Liner to be replaced, receptacle to be washed and disinfected.
8. Flush out all floor drains, sink and other drains with minimum one gallon of water.
9. Report any lights out in restroom areas.

B Weekly Services

1. Wash clean restroom partitions and walls.
2. Disinfect restroom floors, especially around toilet bases.
3. Polish all stainless hardware or dispenser units.

CONTINUED

17. Check to make sure all office entry and exterior doors and windows are closed locked, and that all task lighting is turned off when leaving (unless tenant is in space). Report any task lights and appliances (radios) that are left on to Owner/Manager.

B. Weekly Services

1. Dust window blinds and frames.
2. Inspect elevator cars for:
   a. call bells out on each floor.
   b. Lobby indicator lights out on all floors.
3. Dust and vacuum all lobby furniture.

C. Monthly Services

1. Spot clean all wood and rubber base.
2. Wash any common area trash receptacles. (sooner if needed)
3. Dust all high areas throughout common areas of building which require use of ladder including lighting and HVAC return & supply grills.

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Level of Cleaning - Above Standard

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4. Replenish toilet tissue, hand soap and other restroom supplies from Owner's stock.
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6. Spot clean restroom partitions and walls.
7. Sanitary napkin receptacle to be emptied and restocked. Liner to be replaced, receptacle to be washed and disinfected.
8. Flush out all floor drains, sink and other drains with minimum one gallon of water.
9. Report any lights out in restroom areas.

B Weekly Services

1. Wash clean restroom partitions and walls.
2. Disinfect restroom floors, especially around toilet bases.
3. Polish all stainless hardware or dispenser units.

CONTINUED

D. Quarterly Services

1. Vacuum all fabric furniture.
2. Dust thoroughly all venetian blinds.
3. Spot clean all rubber bases.
4. Dust and clean all high areas throughout tenant areas of building which require use of ladder including lighting and HVAC return & supply grills (washing of HVAC grills if needed.)
5. Strip and wax all vinyl floors.

E. Annual Service

1. Remove and dispose of Christmas tree's, and other plants and decorations upon tenant request.

V. Exercise Room

A. Nightly Services

1. Wipe down equipment daily with disinfectant. Report any damage to Manager/Owner.

Bill Craven
FAS, RDA Lease, FISC
June 25, 2012
Version #3

Form revised: December 6, 2011

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
FAS	Bill Craven 733-9238 Terry Dunning, 684-4860	Jennifer Devore 615-1328 Amy Williams, 233-2651

Legislation Title:
AN ORDINANCE authorizing the Director of Finance and Administrative Services to execute a lease agreement between the City and Fu Quan, LLC, a Washington limited liability company, for a portion of the property located at 800 Maynard Avenue South, commonly known as the RDA Building.

Summary of the Legislation:
This legislation authorizes the Director of Finance and Administrative Services (FAS) to execute a seven-year lease agreement with Fu Quan, LLC, to continue leasing a total of 24,153 square feet (consisting of 23,083 square feet of office space and 1,070 square feet of storage space). In addition the lease includes 26 parking spaces for DPR's use.

Background:
In 1998, Ordinance 119054 authorized the lease of approximately 23,083 square feet of office space and 1,070 square feet of storage space in the RDA Building from Rainier Dearborn Associates for occupancy by DPR. In 2005, Ordinance 121748 authorized a new lease between the City and MLMA, LLC, the successor in interest to Rainier Dearborn Associates. In 2005, Fu Quan, LLC purchased the RDA Building from MLMA, LLC and assumed all of its rights and obligations under the current lease. A first amendment to the lease extended the lease term for three years; this was authorized by Ordinance 123121. The current lease amendment is due to expire November 30, 2012.

A seven-year lease extension has been negotiated with an initial base rental rate for office space starting at $18 per square foot per year for the first three years of the lease, at which time the annual rent will increase by 3% or by the U.S. Consumer Price Index for All Urban Consumers whichever is less, for the remaining four years of the lease term. The rental rate for the office portion of the lease is abated for the first three months of the negotiated agreement. The rental rate for the storage is a flat $6.50 per square foot for the life of the lease. The parking stall rate is $50 per stall for the first three years and escalates to $100 per stall for the remainder of the lease. DPR has the option to extend the lease for an additional five years at the then market rate.

COUNCIL CLERK

_X_ This legislation has financial implications.

Appropriations: N/A

Appropriations Notes: There are no new appropriations associated with this legislation. Sufficient budget authority is included within the annual operating budget.

Revenue/Reimbursement Notes: There is no new revenue associated with this legislation.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact: N/A

Spending/Cash Flow:

Fund Name & #	Department	Budget Control Level*	2012 Expenditures[1]	2013 Anticipated Expenditures[2]
Parks and Recreation Operating Fund 10200	Department of Parks and Recreation	Multiple BCLs	0	$368,640
TOTAL			**0**	**$368,640**

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

Spending/Cash Flow Notes:
Calculation of Lease Costs (base Rent + Parking + Estimated Operating Expenses) for Parks office space at 800 Maynard Avenue South.

[1] For 2012, only the month of December is affected by the new lease, and the rent is abated for that month.
[2] For 2013, the rent is abated for the first two months, but DPR will pay storage and parking rates during those months.

Notes: Actual Monthly Office Rental Rate may be lower; Table 1 below illustrates the rate at the highest possible increase of 3%, actual increase will be dependent on the actual change in the consumer price index for all Urban Consumers in the Seattle/King County Metropolitan area.

Table 1:

	Monthly Office	Monthly Storage	Monthly Parking	Total Monthly Expense	Total Yearly Expense
December 1, 2012 – February 28, 2013	$0.00	$580.00	$1,300.00	$1,880.00	
March 1, 2013 – November 30 2015	$34,624.50	$580.00	$1,300.00	$36,504.08	$422,449.00
December 1, 2015 – November 30, 2016	$35,663.24[1]	$580.00	$2,600.00	$38,842.24	$434,913.82
December 1, 2016 – November 30, 2017	$36,733.13[1]	$580.00	$2,600.00	$39,912.72	$447,752.58
December 1, 2017 – November 30, 2018	$37,835.13[1]	$580.00	$2,600.00	$41,014.71	$460,976.51
December 1, 2018 – November 30, 2019	$38,970.18[1]	$580.00	$2,600.00	$42,149.76	$474,597.16

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
While the length of the negotiated lease creates a long-term obligation for the City of Seattle, it is believed that the negotiated rental rate is within market and will save money over lease term through lower lease costs and savings from not relocating the staff assigned to the RDA Building.

b) **What is the financial cost of not implementing the legislation?**
Failure to implement this legislation would allow the existing lease to expire and put DPR on a month-to-month lease, allowing the landlord to cancel the lease at anytime with 30 days notice and/or increase the rental rate at the landlord's discretion. Relocating DPR's offices to a new site would require additional funding for the move costs, tenant improvements and possibly a higher lease rate.

c) **Does this legislation affect any departments besides the originating department?**
Yes, this legislation affects the Department of Parks and Recreation. FAS has worked closely with DPR's Real Estate Division in negotiating the new lease amendment; as well as DPR's City Budget Analyst.

d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
FAS and DPR have reviewed and toured numerous other locations and, after factoring moving costs, tenant improvements and work disruption staff concluded it is financially prudent to stay at the existing location with the negotiated rate and tenant improvement allowance.

e) **Is a public hearing required for this legislation?**
No public hearing is required for the authorization of this legislation

f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No public notice is required.

g) Does this legislation affect a piece of property?
Yes, this legislation affects a portion of the property located at 800 Maynard Avenue South, commonly referred to as the RDA Building, owned by Fu Quan, LLC.

h) Other Issues:
This lease amendment has been negotiated to provide the maximum flexibility of operations to DPR for the least amount of cost.

In addition to the lease rate concessions that were negotiated, FAS negotiated that the landlord will be replace all the carpet throughout DPR's rented space as well as patch and paint all the walls. The carpet and paint are to be selected and approved by DPR.

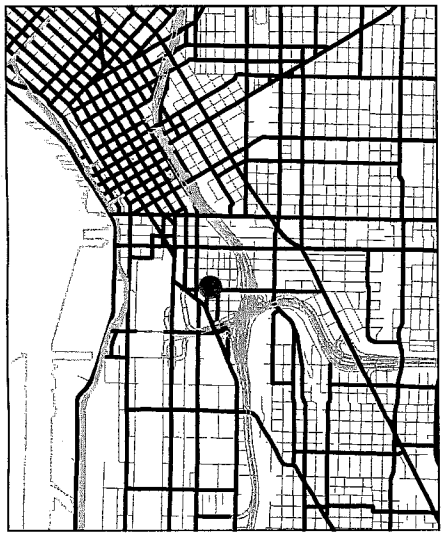
The landlord will also provide up to $50,000 for additional improvement allowance to be used for the following: HVAC, repair, replace or add additional capacity to the existing system; Security System, repair and or replace the existing security system; Parking, restripe, patch, repair, resurface the parking area used by DPR.

List attachments to the fiscal note below:

Exhibit A: Map RDA Building

City of Seattle

Department of
Parks & Recreation
RDA Building
800 Maynard Avenue South



Vicinity Map

RDA Building

60 30 0 60 120 180 240
Feet

Exhibit A to Parks RDA - Fiscal Note

Produced by the City of Seattle
Department of Finance and Administrative Services
July 2012

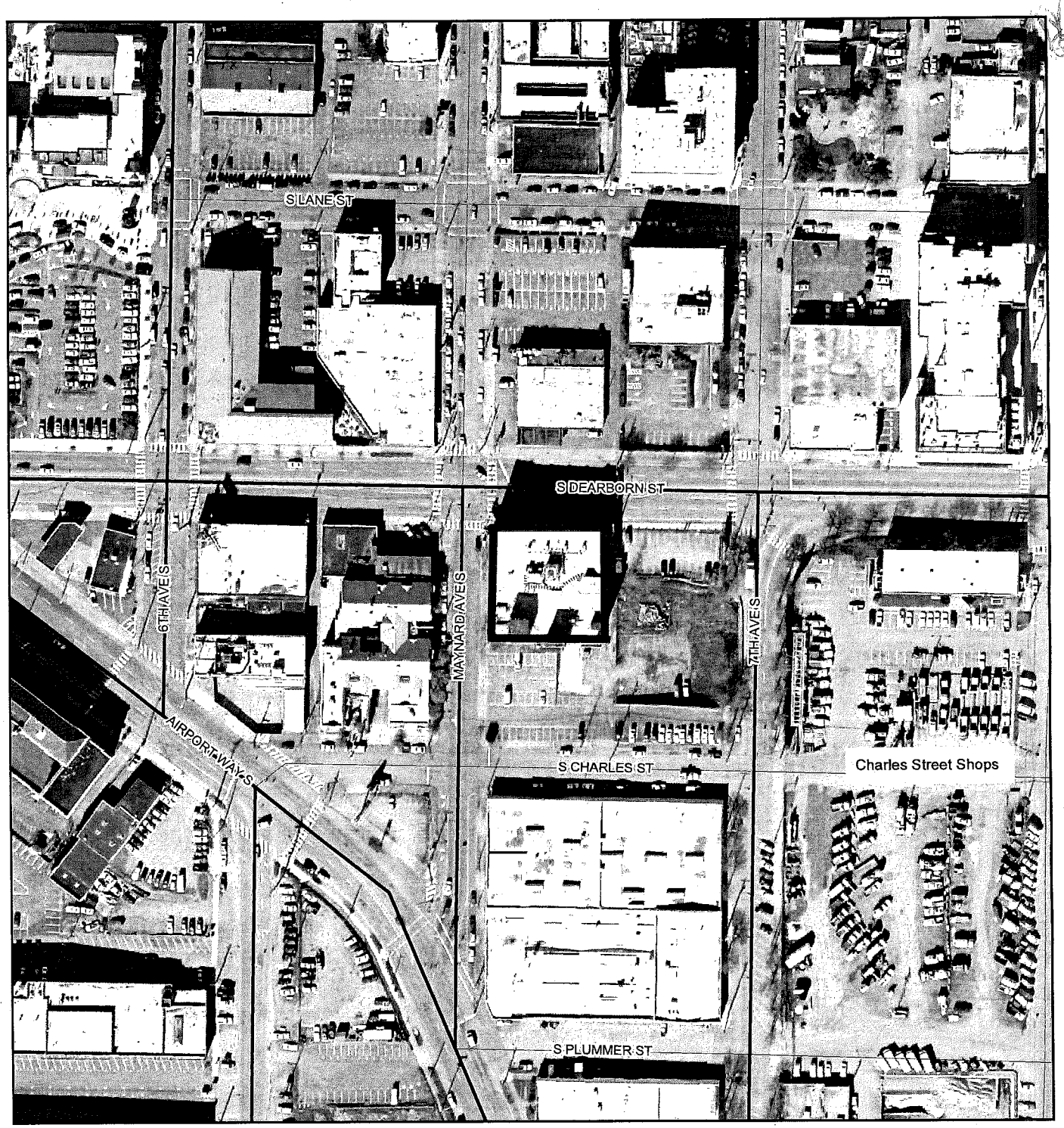


Exhibit A to Fisc.

City of Seattle
Office of the Mayor

August 7, 2012

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill authorizing the Director of the Department of Finance and Administrative Services (FAS) to execute a lease agreement with Fu Quan, LLC that will provide an additional seven-year term at a currently leased location. The space is at the building known as the RDA building in the International District and is currently used by the Department of Parks and Recreation (DPR) for administrative office space.

The space has been used by DPR since 1998 and they wish to continue to lease the space in the RDA Building. City staff has negotiated a new lease agreement that keeps the office rental rate flat for the initial three years, and then escalates by inflation or 3%, whichever is less. In addition to the negotiated rental rate, the landlord also conceded to paint and replace the carpet throughout the leased space. The landlord will also contribute up to $50,000 for repairs to the HVAC system, the security system and/or the portion of the parking lot used by Parks.

The lease agreement authorized by this legislation will provide DPR with the space required to continue to carry out its operations. Thank you for your consideration of this legislation. Should you have questions, please contact Bill Craven with FAS at 733-9238.

Sincerely,

Daryl Smith
Deputy Mayor
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cc: Honorable Members of the Seattle City Council

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