

MEMORANDUM

TO: Seattle City Councilmember Nick Licata

FROM: Rebecca Keith, Assistant City Attorney

SUBJECT: Amendments to Attachment 1 to Council Bill 118149

DATE: July 18, 2014

On behalf of the Seattle City Attorney's Office, I am pleased to submit an amendment to Attachment 1 to Council Bill 118149. If approved, Council Bill 118149 will authorize the Director of Finance and Administrative Services to enter into a lease agreement for office space in the Columbia Center for use by the Law Department. The lease will provide for critically needed additional space for the Law Department and will consolidate the Law Department into one location for the first time in many years. This amendment will remove Version 2 of Attachment 1 and replace it with Version 3 dated July 17, 2014, the final form of the lease.

Timing has been critical in terms of getting this legislation before Council in order to take advantage of this opportunity and to begin the tenant improvement project. As a result, the legislation was submitted with a note that additional changes to the form of the lease were anticipated prior to final vote by City Council. The Seattle City Attorney's Office has continued to work with the landlord to improve, clarify and finalize the terms of the lease.

Version 3 does not change any of the substantive business terms. The changes may be summarized as generally falling into several categories: 1) terms relating to the use of the premises, 2) terms relating to the unique security needs of the Criminal Division, 3) terms to clarify the agreement between the parties on issues such as insurance and expansion options, and 4) changes to the tenant improvement work letter (Exhibit B).

The City Attorney's Office requested many of the changes that are reflected in Version 3. The changes in the use of the premises are reflected in Lease Summary Section 7 and Article 14. These changes address the landlord's concerns regarding controlling tenant mix in the building while giving the City the flexibility it needs to permit other

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departments to occupy the premises and to carry out the business of the City Attorney's Office. The changes regarding the security needs of the Criminal Division are reflected in Section 27.2 and are essential to ensuring that the City will comply with its obligations to Washington State Patrol and other organizations. The changes to clarify and address legal issues in the agreement are found in a number of sections, such as Section 1.2 relating to first offer space, Section 18 relating to subordination, and Section 10 relating to the insurance provisions. Additionally, the landlord's fee for early termination was calculated based on previously agreed upon conditions, and it is now specified in Section 2.3.

In addition to the changes relating to security needs, the most significant and important changes are in the tenant work letter attached as Exhibit B to the lease. These changes are particularly important to ensure that the City has the ability to avoid out of pocket costs associated with the tenant improvements through value engineering, to allow the City to have its own project manager reimbursed from the tenant improvement allowance, and to ensure that the landlord and its contractor are completing the improvements in a manner consistent with the cost proposal budget and City expectations. Once the lease is approved, the parties will be able to fill in the dates for the completion of the drawings in Schedule 1 to Exhibit B.

The City Attorney's Office negotiated the changes to the lease as reflected in Version 3 of Attachment 1, and believes the changes to be in the best interest of the City. All changes between Version 2 and Version 3 are provided in red-line to facilitate your review. Should you have any questions, do not hesitate to contact Darby DuComb at 4-8228, Dana Anderson at 4-7761, or myself at 4-8239. Thank you.