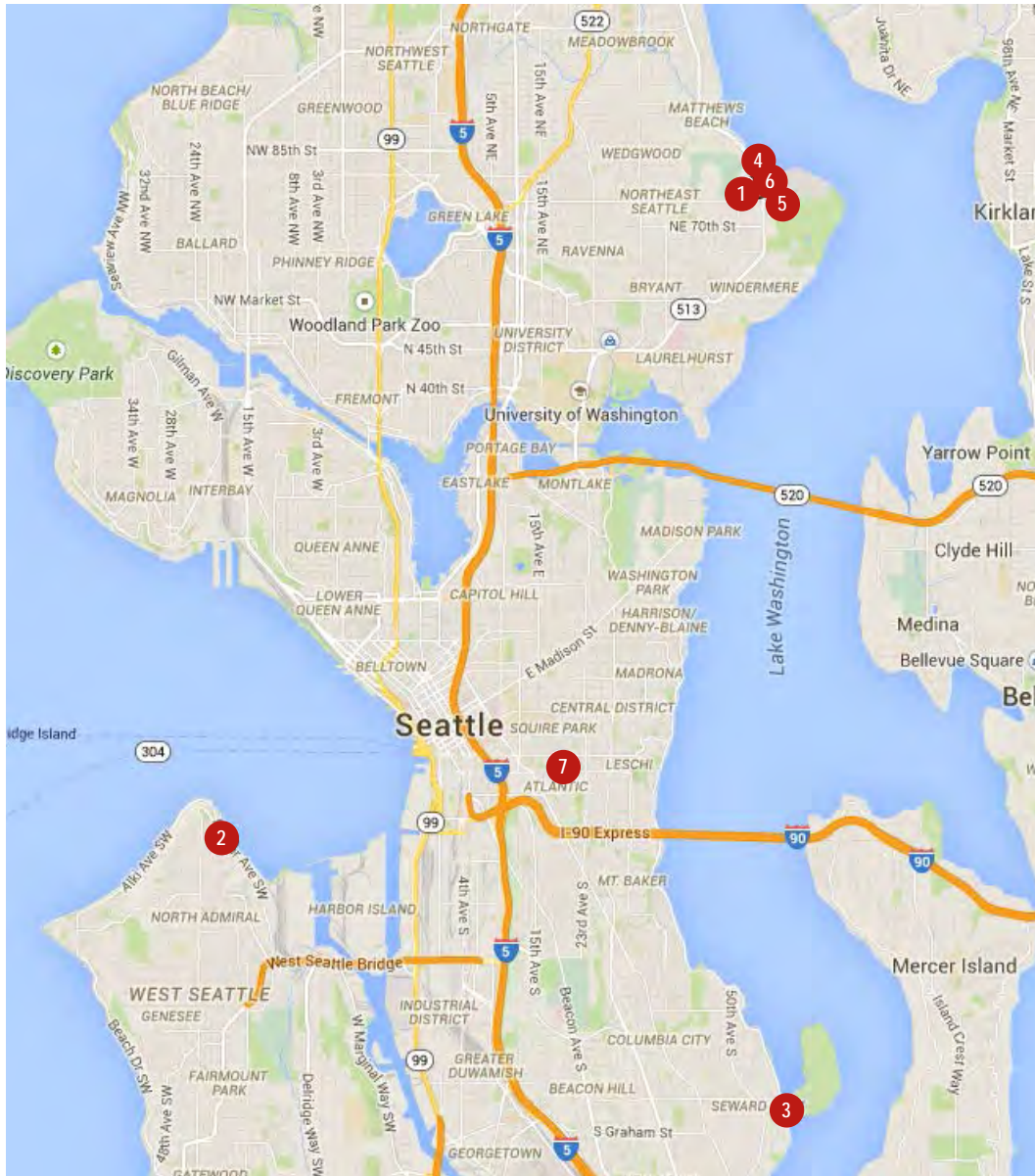




Seattle Parks & Recreation – Property Contracts Review

August 4, 2015

City of Seattle Parks Dept. Contract Review Map



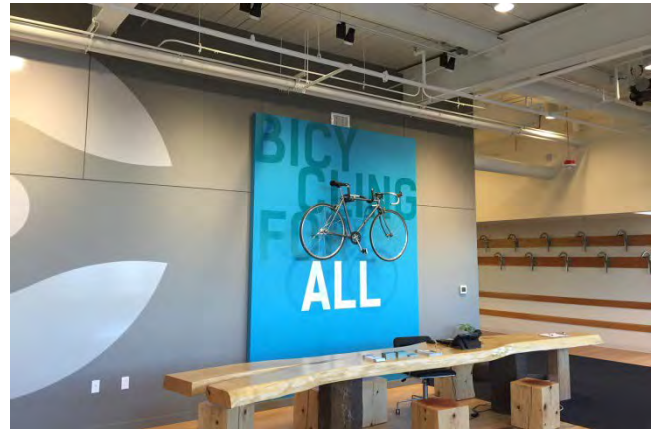
- 1 Cascade Bicycle Club
- 2 Marination
- 3 National Audubon Society
- 4 Waldorf
- 5 EatrCorps
- 6 Arena Sports
- 7 Pratt Fine Arts

Contract Summary for Parks Department

DPR Lease: Cascade Bicycle Club – Magnuson Park

Building 11

7777 Sand Point Way NE, Seattle WA 98115



Ordinance

Authorizing the Superintendent to enter into a lease agreement with Cascade Bicycle Club to occupy and use a portion of Building 11 at Warren G. Magnuson Park

Property Information

Building	Building 11
<i>JLL Comments</i>	
Premises / RSF / Description	9,050 square feet located on the first floor
<i>JLL Comments</i>	Well defined
Expansion	None provided
<i>JLL Comments</i>	

General Details

Ordinance Number	124455	
Council Bill	118065	
Ordinance Date Passed	4/21/2014	
Lease Execution Date	4/28/2014	
Contract Type	Lease	
Contract Description	Modified Gross Rent	Lessee doesn't have base year, pays janitorial

Lease Contract Review

Description	Content	Section
Rent Commencement	Rent Commencement Date: November 15, 2014, expiring November 30, 2024	Article 1: 1.3
<i>JLL Comments</i>	10 year term, common to long for typical contract	
Rent Schedule	Rent: \$15 RSF / YR Modified Gross, excepting janitorial	Article 1: 1.5
<i>JLL Comments</i>	Below market, pending inspection of interior	
Security Deposit	None	Article 1: 1.6
<i>JLL Comments</i>	Typically one month minimum	
Premises	"as is" condition	Article 2: 2.4
<i>JLL Comments</i>	Typical	
Parking	No parking right are associated with this Agreement. Parking shall be available on a first come/first served, unreserved basis	Article 2: 2.4
<i>JLL Comments</i>	Uncommon to not have allocation, listing agent showing parking ratio in facility next door	
Use	Exclusive to use: classrooms, meeting rooms, storage and administrative offices related to the general operations of Lessee as a nonprofit organization dedicated to promoting the use of bicycles through advocacy, education and bicycle focused events and activities.	Article 2: 2.5
<i>JLL Comments</i>	Typically more broad in favor of Tenant	
Use	Commitment to continue public benefits through bicycle-related public programming at Magnuson Park	Article 2: 2.6
<i>JLL Comments</i>	Needs to be reconciled in rent	
Extended Term	Four (4) successive individual extended term(s) of five (5) years each (each an "Extended Term") on the same terms and conditions set forth herein Written notice 90 days prior to the last day of the then-current Term Fair market rent, Applicable any Extended Terms, in no event shall Rent be adjusted, upward or downward, more than twenty (20) percent of the amount Rent due as of the last day of the then-current Term (no cumulative cap)	Article 3: 3.2 / 4: 4.3
<i>JLL Comments</i>	Very uncommon to have more than two, typically 9 months, uncommon to see any "downward" language	
Extended Term Condition	Lessee's right to any extension of the Initial Term conditioned upon Lessee making capital improvements to the Premises or Magnuson Park, or both, which are determined by the Superintendent to cost One Million Two Hundred Fifty Thousand dollars (\$1,250,000)	Article 3: 3.3
<i>JLL Comments</i>	Transaction specific	
Lease Term	Lessee shall be solely responsible for all costs of ay Lessee improvements, regardless of whether the costs exceed the amount required under Section 3.3	Article 3: 3.5

Lease Contract Review

Description	Content	Section
<i>JLL Comments</i>	Typical	
Annual Rent increases	Three percent (3%) of the Rent then due.	Article 4: 4.1
<i>JLL Comments</i>	Typical	
Surrender	City has the right to cause Lessee to remove improvements	Article 10.0
<i>JLL Comments</i>	Typically not seen in this product class	
Tenant Improvement Allowance	They City will allow Lessee a Tenant Improvement Allowance of up to \$20 per square foot for that portion of the Premises comprising Offices 143 and 144 (1,100 square feet), and up to \$10 per square foot for the remainder of the Premises (7,950 sq. ft.) (Collectively, the "TIA"). The TIA will be in the form of an offset against Rent for actual costs associated with Lessee's pre-approved improvements.	Article 10: 10.2
<i>JLL Comments</i>	Below market	
Surrender of Premises	Lessee shall return the Premises to City in the same condition in which received on the Commencement Date, or with alterations	Article 13: 13.1
<i>JLL Comments</i>	Uncommon in this product class	
Surrender of Premises	Lessee shall remove all voice and data communication and transmission cables and wiring	Article 13: 13.2
<i>JLL Comments</i>	Preference is that City has right to cause to restore	
Termination for Convenience	City may terminate this Lease for any or no reason for City's convenience City will pay to Lessee a termination fee that is greater of: (i) the dollar amount of the previous 12 months' Rent from the notice date that the lessee paid to the City	Article 23
<i>JLL Comments</i>	Should be considered when reconciling	
Holding Over	Either party may terminate any holdover tenancy by written notice delivered to the other party not later than one hundred-twenty (120) day prior to first day of the final month	Article 26
<i>JLL Comments</i>	Typically no holdover with consent, there should be a penalty imposed	
Broker's Commission	None	Article 31
<i>JLL Comments</i>	Typical for Landlord to pay commissions	

	Tenant Favored	Landlord Favored	Neutral
Rent Schedule			●
Improvement Allowance			●
Concessions		◆	
Security Deposit	✘		
Renewal Language	✘		
Restoration Obligations			●
Construction			●
Operation/maintenance of the facility			●

Summary

Starting Rental Rate	\$15.00 SF / Year
<i>JLL Comments</i>	Low given the TI contribution
Rent Type	Modified Gross
<i>JLL Comments</i>	Not typically seen, would recommend NNN lease for this
Annual Escalator	3%
<i>JLL Comments</i>	Common
Abated Rent	None
<i>JLL Comments</i>	Typically a few months provided
Improvement Allowance	\$20 / SF
<i>JLL Comments</i>	Normal for market, high given circumstance
Other Concessions	None
<i>JLL Comments</i>	
Security Deposit	None
<i>JLL Comments</i>	Typically one month minimum especially when TI involved
Renewal Number of Options	4
<i>JLL Comments</i>	Extremely high for a tenant of this size with little capital contribution
Renewal Term Length	5 years
<i>JLL Comments</i>	Typical

Renewal Rental Rate	FMV – with a not less than / not greater than 20% variance
<i>JLL Comments</i>	Unusual to have any less than language at all
Renewal Notice Period	3 months
<i>JLL Comments</i>	Extremely short amount of time, which benefits the tenant in negotiations
Restoration Obligations	Current condition
<i>JLL Comments</i>	Better to have the ability to cause Tenant to remove its equipment
Construction Period	Not defined
<i>JLL Comments</i>	4 to 6 month period would be standard
Operations / Management	Tenant minor / landlord major
<i>JLL Comments</i>	Typical

JLL General Comments

- JLL preliminary-assessment: Class C plus / B minus office / flex
- Area is not otherwise considered commercially viable from a real estate perspective apart from Marine and Public use

Contract Summary for Parks Department

DPR Lease: Seacrest Boathouse Concession Agreement

Marination LLC

Seacrest Boathouse

1660 Harbor Avenue SW, Seattle WA



Ordinance

Authorizing the Superintendent to enter into a concession agreement with Marination LLC to manage and operate a restaurant and rental concession at the Seacrest Boathouse; and ratifying and confirming certain prior acts

Property Information

Building	Seacrest Boathouse
<i>JLL Comments</i>	
Premises / RSF / Description	Seacrest Boathouse, the boat storage yard, and the outdoor patio area, all owned by the City and under the jurisdiction of Parks, <u>no RSF provided</u>
<i>JLL Comments</i>	The RSF should be precisely defined in definitions

General Details

Comments

General Details		Comments
Ordinance Number	124112	
Council Bill	117704	
Ordinance Date Passed	02/11/2013	
Lease Execution Date	No Date	JLL doesn't possess execution copy
Contract Type	Concession Agreement	
Contract Description	Percentage rent	

Contract Review		
Description	Content	Section
Initial Term	Initial Term of 6 years	Article A-3 / 3.1
<i>JLL Comments</i>	Typical	
Extended Term	1 additional term of up to 5 years on such terms and conditions as the Superintendent may determine; notice to extend or not extend at least 6 months prior to the expiration of the initial term. Concessionaire shall have 3 months following the date of the Superintendent's notice to accept the extension or to renegotiate the extension with the City in writing	3.2
<i>JLL Comments</i>	Standard except long notice to respond and typically will go to arbitration not negotiations	
Use, Occupancy and Services	Exclusive use and occupancy of both the boat storage area and the restaurant portion of the Seacrest Boathouse building.	Article A-1 / 1.1
<i>JLL Comments</i>	Typically language is more broad in private sector	
Use Fees	The Concessionaire shall pay the City: i) a percentage of the Gross Receipts received by Concessionaire at the Concession Premises during the preceding month (the "Concession Fee") and ii) the monthly amount of applicable Leasehold Excise Tax required under B-7. Beginning with the Commencement Date through June 30, 2013, the Concession Fee shall be 6.5% of Gross Receipts. From July 1, 2013, the Concession Fee will be increased to 10% of the Concessionaire's Gross Receipts for the remaining months and years of the initial term. Concessionaire pays all NNN costs	Article A-5 / 5.1
<i>JLL Comments</i>	The average is 6% - 8% meaning restaurants real estate costs (base rent) should represent 6% - 8% of the restaurants gross sales. With rising food costs and labor costs in WA, local restaurants are pushing for 5%.	
Records	The Concessionaire shall maintain at the Concession Premises a clear and documented set of books, records, documents and other evidence reflecting all business activity conducted at the Concession Premises, including cash register tapes, credit card charge records and any other data relating to the determination of Gross Receipts and the calculation of the Concession Fee.	Article A-6 / 6.1
<i>JLL Comments</i>	Typical	
Services	Concessionaire shall provide restaurant food and beverage services	Article A-7 / 7.1
<i>JLL Comments</i>	Typical	
Rentals	Concessionaire shall provide Park-related equipment rentals to the public, including kayaks, paddle boards, small water crafts, other related water equipment, bicycles, skateboards and rollerblades.	Article A-7 / 7.3
<i>JLL Comments</i>	Needs to be considered as a reconciliation item when determine market rent	
Hours of Operation	Unless otherwise approved by the Superintendent, Concessionaire shall be open for business year-round	Article A-7 / 7.4

Contract Review

Description	Content	Section
<i>JLL Comments</i>	Typical for retail	
Equipment	Concessionaire shall provide and maintain in safe condition....a minimum of 1 rowboat and 5 kayaks... a minimum of 1 outboard motor suitable for use on its rental boats... each occupant of rental boat a US Coast Guard-approved Type III or better Personal Flotation Device (PFD)	Article A-7 / 7.5
<i>JLL Comments</i>	Needs to be considered as a reconciliation item when determine market rent	
Improvements	<p>The Concessionaire shall invest a minimum of \$150,000 in capital improvements to the Concession Premises expressly including but not limited to improving all light fixtures; heating and ventilation units; floor, window and wall coverings; and electrical wiring (the "Initial Improvements")</p> <p>Initial Improvements made by the Concessionaire to the Premises prior to the Commencement Date in order to prepare the Premises for operation will be credited against the capital improvement obligation under this Section so long as the Improvements have been approved by the Superintendent.</p> <p>Upon the expiration or termination of the Agreement, ownership of the Initial Improvements shall automatically transfer to the City without any separate obligation on the City's part to pay for any of the same.</p>	Article A-9 / 9.1 & 9.2
<i>JLL Comments</i>		
Security Deposit	\$2,500	B-4
<i>JLL Comments</i>	Low for market	

	Tenant Favored	Landlord Favored	Neutral
Rent Schedule		◆	
Improvement Allowance		◆	
Concessions		◆	
Security Deposit	✕		
Renewal Language			●
Restoration Obligations		◆	
Construction	✕		
Operation/maintenance of the facility			●

Summary	
Starting Rental Rate	10% of the Concessionaire's Gross Receipts for the remaining months and years of the initial term.
JLL Comments	High for market
Rent Type	Percentage lease, NNN
JLL Comments	Preferred contract type
Annual Escalator	N/A
JLL Comments	
Abated Rent	None
JLL Comments	
Improvement Allowance	None
JLL Comments	Typically some allowance offered
Other Concessions	None
JLL Comments	
Security Deposit	\$2,500
JLL Comments	Typically minimum one month's rent
Renewal Number of Options	1
JLL Comments	
Renewal Term Length	5 years

<i>JLL Comments</i>	
Renewal Rental Rate	FMV (pending further review)
<i>JLL Comments</i>	Doesn't appear to be stated
Renewal Notice Period	6 months
<i>JLL Comments</i>	Common, except that tenant has three months to respond
Restoration Obligations	Landlord keeps initial improvements
<i>JLL Comments</i>	Better to have both the right to cause tenant to restore and the right not to
Construction Period	Not stated
<i>JLL Comments</i>	Typically stated
Operations / Management	Tenant minor / Landlord major
<i>JLL Comments</i>	Typical

JLL General Comments

- | |
|--|
| <ul style="list-style-type: none"> • JLL preliminary-assessment: Class B minus retail – pending visual inspection |
|--|

Contract Summary for Parks Department

DPR Lease: National Audubon Society

Seward Park Music Annex Building

5895 Lake Washington Blvd S., Seattle WA 98118



Ordinance

Authorizing the Superintendent to execute an agreement with the National Audubon Society, Inc. to renovate the Seward Park Music Annex Building and the Hatchery for environmental education programs; and establishing the conditions under which Audubon may use and occupy a portion of the named facilities for a period of 10 years with an option to continue said use and occupancy for an additional 10 years.

Property Information

Building	Seward Park Music Annex Building - 5902 Lake Washington Blvd. Seattle, WA
<i>JLL Comments</i>	
Premises / RSF / Description	Not defined
<i>JLL Comments</i>	The RSF should be precisely defined in definitions
Expansion	N/A
<i>JLL Comments</i>	

General Details

Ordinance Number	121190	
Council Bill	114587	
Ordinance Date Passed	06/16/2003	
Lease Execution Date	No date	
Contract Type	Occupancy agreement, NNN	
Contract Description	NNN rent with offset rights	

Draft Development Agreement Review		
Provision	Description	Section
Recitals	On Nov. 7, 2000, the voters of the City of Seattle approved Ordinance 120024, the Parks and Green Spaces Levy, which identified the sum of \$618,600 to partially fund renovation of the Building and the Hatchery for use as an Environmental Education Center	Recitals
<i>JLL Comments</i>	Improvement allowance	
Definitions	"Audubon share of Project Costs" means the total sum of \$1,372,869 / "City share of Project Costs" means the total sum of \$618,600 / "Project Budget" – Unless otherwise agreed by the parties, in no event shall the total Project Budget exceed \$1,991,469	Article 1 – 1.3 / 1.8 / 1.18
<i>JLL Comments</i>	Typical ratio of Landlord funded improvements versus Tenant funded	
Purpose	The purpose of this agreement is to memorialize the parties' understandings and objectives with regard to the renovation of the Building and the Hatchery and the use of each facility to deliver public environmental programs.	Article 2 – 2.1
<i>JLL Comments</i>	Factor in rent reconciliation	
Construction Timing	Audubon agrees that it will diligently endeavor, but it is not required, to cause construction of the Building portion of the project, to commence by the end of 2004 / Audubon shall commence construction of the building no later than December 31, 2006.	Article 2 – 2.41 / 2.42
<i>JLL Comments</i>	Long construction period, but reasonable given circumstance	
Financial Commitments / Funding Thresholds	<ul style="list-style-type: none"> a) Prior to execution of the design contract for the Building, Audubon must submit to DPR documentation of having raised \$236,353 b) Prior to execution of the construction contract for the Building, Audubon must submit to DPR documentation of having raised \$1,136,517 plus any additional sum as mutually agreed upon by both parties 	Article 3 – 3.1
<i>JLL Comments</i>	Good language	
Project Cost Sharing	Audubon shall pay \$1,372,869 and the City shall pay \$305,577. For the renovation of the Hatchery, the City shall pay \$313,023. Of the City's \$305,577 for the Building, approximately \$25,431 has already been spent or encumbered by the City for planning and design work.	Article 4 – 4.2
<i>JLL Comments</i>		
Management of Project Design	Audubon shall contract for and manage the design for the Building renovation, in consultation with DPR and subject to its approval...	Article 5 – 5.1
<i>JLL Comments</i>	DPR could impose a % "oversight fee"	
Management of Project Construction	Audubon shall contract for and manage construction of the Building improvements in consultation with DPR and DPR shall contract for and manage construction of the Hatchery improvements in consultation with Audubon.	Article 6 – 6.1
<i>JLL Comments</i>	DPR could impose a % "oversight fee"	

Draft Development Agreement Review		
Provision	Description	Section
Options if Bids Exceed Total Construction Cost	If the bid received for either component of the Project from the lowest and best bidder exceeds the estimated construction cost for that project component, the managing party may (i) reject all bids and re-bid that component of the Project; (ii) consult with the appropriate architect to identify design changes to the Building Design Program that would enable that component of the Project to be constructed within the budgeted amount; or (iii) voluntarily pay the increased amount and proceed with construction.	Article 6 – 6.5
<i>JLL Comments</i>		
Final Completion Date	Final completion of the Building will have been achieved when (i) a permanent Certificate of Occupancy for the Building has been issued, and (ii) all remaining work items, including “punch list” items, have been completed to the satisfaction of the City.	Article 6 – 6.10
<i>JLL Comments</i>	Standard	

Use & Occupancy Agreement Review		
Provision	Description	Section
Form of Amendment	When the Certificate of Occupancy is issued for the Building and the Superintendent has issued the Certificate of Final Completion, the parties shall execute the Form of Amendment attached hereto as Exhibit F, which shall specify the precise values related to the following: <ol style="list-style-type: none"> 1) The square footage of the Premises, the Building Common Areas, and the Hatchery Program Area, including a depiction of the same; and 2) The amount of the Fixed Rent and the Improvement Expenditure Offset; and 3) The date of the first Consumer Price Index Adjustment 	II. D.
<i>JLL Comments</i>		
Use / Purpose	Audubon agrees that its use of the premises and the Hatchery shall be solely to develop and provide a variety of environmental education, conservation, outdoor recreation, and stewardship programs for children and adults as described in Article VIII...	III.
<i>JLL Comments</i>	Very specific use	
Term	10 years	IV.
<i>JLL Comments</i>	Typical term, or short, for this contract	
Fixed Rent	City shall set a fair market rental value for the Premises and for use of the Building Common Areas and the Hatchery Program Areas based on the fair market rental value of the Premises plus ½ of the fair market rental value of the Building Common Areas and 1/3 of the fair market rental value of the Hatchery Program Areas, which will not exceed a cost of \$1.35 per square foot per month, escalated by the Consumer Price Index for all Urban Consumers as defined in Article VB which shall be no more	V. A.

Use & Occupancy Agreement Review		
Provision	Description	Section
	than 4% each year from 2003 until the date of execution of the Form of Amendment. The determinants for the fair market rental value shall include all applicable restrictions on the use of the Building and the Hatchery Program Area (the "Fixed Rent").	
<i>JLL Comments</i>	FMV too difficult to define, fixed rate is better	
Adjusted Fixed Rent	Consumer Price Index... does not exceed 4% each year.	V. B.
<i>JLL Comments</i>	Not typical, fixed escalation is more common	
Rental Offsets / Improvement Expenditure Offset	For the duration of this Use Agreement, including any extended term, Audubon shall be entitled to an offset against the Adjusted Fixed Rent for the total amount of Audubon's capital expenditures for the design and construction of the Building...	V. C 1.
<i>JLL Comments</i>	Uncommon	
Public Benefit Offset	For the duration of this Use Agreement, including any extended term, Audubon shall be entitled to an offset against the Adjusted Fixed Rent for the value of the Public Benefit Components of Audubon's program at Seward Park...	V. C. 2.
<i>JLL Comments</i>	Uncommon	
Utilities	Audubon shall pay the costs of all utilities provided to the Building.	V. C.
<i>JLL Comments</i>	Preferred	
Operational Requirements - Programs	Consistent with Audubon's mission, Audubon's programs shall be community-responsive, particularly to South Seattle communities, and shall provide inquiry-based, hands-on, direct experience in nature programs for families, children, youth and adults.	VIII. A
<i>JLL Comments</i>	Preferred language	
Acceptance of Building	Audubon is fully familiar with the condition of the Building and the Premises and accepts the Premises AS IS...	X.
<i>JLL Comments</i>	Preferred language	
Audubon's Cleaning & Maintenance Obligations	Audubon shall at all times keep the Premises and Building Common Areas in a neat, clean safe and sanitary condition. / Audubon shall pay the cost of maintaining, cleaning and repairing the Premises as well as any extraordinary costs of cleaning, repairing or maintaining the Building Common Areas or the Building, occasioned by Audubon's use and occupancy thereof, within 30 days after receipt of an invoice therefor. / Audubon shall implement... a preventative maintenance custodial care program	XI. A. 1, 2, 3
<i>JLL Comments</i>	Standard language	
City's Maintenance Obligations	The City shall maintain the Building, including but not limited to electrical and mechanical systems (heating, plumbing, ventilation), the roof, exterior shell, and exterior doors, all at no cost or expense to Audubon.	XI. B.
<i>JLL Comments</i>	Need to confirm this is being factored into OpEx costs	

Use & Occupancy Agreement Review		
Provision	Description	Section
Modifications, Alterations & Additions	All such modifications, alterations, additions or improvements shall at the expiration or earlier termination of the Use Agreement become the property of the City and remain upon and be surrendered with the Premises.	XI. D. 4
<i>JLL Comments</i>	Better to have right to choose whether Tenant surrenders or restored	
Removal Upon Surrender	Audubon shall remove and properly dispose of any Hazardous Material brought into the Building or the Premises at any time during Audubon's occupancy of the Premises...	XIV. E.
<i>JLL Comments</i>	No building surrender language	
Termination for Bone Fide Public Purpose	City may terminate... for a bone fide public purpose... in such event, City shall be obligated to repay Audubon for the unamortized value of Audubon's initial investment in the development and construction of the Building or the portion thereof...	XXI. A.
<i>JLL Comments</i>	Factor in rent reconciliation	
Surrender – Audubon's Obligations	Audubon, at its expense shall...promptly and peacefully surrender the Premises (including surrender of all Audubon improvements and other attached equipment and/or other alterations, additions or improvements installed in the Premises by the City or Audubon) in reasonably clean condition...	XXIII. A.

	Tenant Favored	Landlord Favored	Neutral
Rent Schedule	✘		
Improvement Allowance	✘		
Concessions		◇	
Security Deposit	✘	◇	
Renewal Language			
Restoration Obligations	✘		
Construction			●
Operation/maintenance of the facility		◇	

Summary

Starting Rental Rate	Not to exceed \$1.35 SF / month
<i>JLL Comments</i>	Should be fixed rate, below or at market, below market when calculating offsets
Rent Type	NNN
<i>JLL Comments</i>	Standard
Annual Escalator	CPI
<i>JLL Comments</i>	Should be fixed rate
Abated Rent	None
<i>JLL Comments</i>	
Improvement Allowance	\$618,000
<i>JLL Comments</i>	Very high allowance
Other Concessions	None
<i>JLL Comments</i>	
Security Deposit	None
<i>JLL Comments</i>	Should be one month minimum or some value based on DPD TI contribution
Renewal Number of Options	1
<i>JLL Comments</i>	Typically 2, 5 year options
Renewal Term Length	10 years
<i>JLL Comments</i>	Typically 5 year

Renewal Rental Rate	FMV with a not less than
<i>JLL Comments</i>	Common, if not strong, language
Renewal Notice Period	Not clearly stated
<i>JLL Comments</i>	Should be stated
Restoration Obligations	None
<i>JLL Comments</i>	DPD should have right
Construction Period	Long period
<i>JLL Comments</i>	Reasonable
Operations / Management	Tenant minor / landlord major
<i>JLL Comments</i>	Often in single-tenant uses, Tenant will maintain both premises and building

JLL General Comments
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Contract Summary for Parks Department

DPR Lease: Waldorf School

Magnuson Park – Building 11 – 7777 Sand Point Way



Ordinance

Authorizing the Superintendent to enter into a lease agreement with Seattle Waldorf School to occupy and use a portion of Building 11 at Warren G. Magnuson Park

Property Information

Building	Building 11 Warren G Madison Park
<i>JLL Comments</i>	
Premises / RSF / Description	12,910 SF - floor 1
<i>JLL Comments</i>	Proper placement, clear, unambiguous, and on page one
Shared use Premises	2,760 SF on floor 1
<i>JLL Comments</i>	Not typically seen in a non-pro rata way
Expansion Premises	Second right of refusal on 1,150 SF
<i>JLL Comments</i>	Not considered high value from a tenant perspective

General Details

Comments

Ordinance Number	124296	
Council Bill	117895	
Ordinance Date Passed	9/23/2013	
Lease Execution Date	Estimated at August 29, 2013	JLL doesn't possess execution copy
Contract Type	Lease	
Contract Description	Modified Gross Rent	Lessee doesn't have base year, pays janitorial

Contract Review		
Description	Content	Section
Expansion Premises:	April 1, 2014	1.2.2
<i>JLL Comments</i>	Common, very little value from Tenant perspective	
Commencement Date:	April 1, 2014	1.3
<i>JLL Comments</i>	Need to confirm if for construction or as rent abatement	
Rent Commencement Date:	April 1, 2014	1.4
<i>JLL Comments</i>	Low for market, Tenant should expect minimum 6 months buildout time at no cost, before the rent abatement period or TIA offset is activated	
Expiration Date:	July 31, 2024	1.5
<i>JLL Comments</i>	10 year contract, standard length	
Rent Schedule		
Exclusive Use Premises	\$22.00 SF / year MG	1.6
Shared Use Premises	\$11.00 SF / year MG	1.6
<i>JLL Comments</i>	Market rent for exclusive use premises, shared premises is non-standard, low if 100%, multiple elements could be argued at a higher rent structure	
Escalations	3%	4.2
<i>JLL Comments</i>	Standard escalation	
Additional Rent	City pays all NNN costs except janitorial and taxes	1.6.1 / 8 / 10
<i>JLL Comments</i>	Typically a base year imposed for additional increases	
Security Deposit:	None	1.7
<i>JLL Comments</i>	Typically minimum 1+ months even when the TIA is offset only	
Condition	Option to terminate at Commencement Date, as-is	2.4
<i>JLL Comments</i>	Unusual provision not generally seen in private sector	
Parking	First come first served (25 unreserved minimum)	2.5
<i>JLL Comments</i>	Typically have an allocation in the private sector	
Extension Option	Two five year options with 90 days written notice at FMV in the building	3.2 / 4.3
<i>JLL Comments</i>	Market standard is 9 months' notice, FMV, typically a not less than	
Tenant Improvement Allowance	\$1,000,000 In the form of offset rent at 35% maximum per month	11.2

Contract Review

Description	Content	Section
<i>JLL Comments</i>	\$77 allowance above market, typically TI not only in the form of offset rent	
Termination for Excessive TI Costs	Lessee right to terminate	11.3
<i>JLL Comments</i>	Unusual provision for the size contemplated	
Exterior signage	Allowed, Lessee cost	13.2
<i>JLL Comments</i>	Typical for product type	
Surrender	Lessor has the ability to cause Lessee to bring to original condition with notice	14
<i>JLL Comments</i>	Not typical except in industrial leases	
Second Right of Refusal	Junior to Cascade, per existing terms	2.11
<i>JLL Comments</i>	60 day window is high, typically a construction period would be allocated to tenant, little value Right from a Tenant perspective	
Use	Specific to Lessee (k-12)	2.6
<i>JLL Comments</i>	Typically language is more broad in private sector	

	Tenant Favored	Landlord Favored	Neutral
Rent Schedule		◆	
Improvement Allowance	✕		
Concessions		◆	
Security Deposit	✕		
Renewal Language	✕		
Restoration Obligations		◆	
Construction			●
Operation/maintenance of the facility			●

Summary	
Starting Rental Rate	\$22.00 SF / YR (on exclusive premises)
JLL Comments	Standard to high
Rent Type	Modified Gross
JLL Comments	Uncommon, NNN is preferred
Annual Escalator	3%
JLL Comments	Standard escalation
Abated Rent	None
JLL Comments	Typically a few months offered
Improvement Allowance	\$1,000,000 in the form of offset rent
JLL Comments	Extremely high allowance
Other Concessions	None
JLL Comments	
Security Deposit	None
JLL Comments	One month minimum is standard
Renewal Number of Options	2
JLL Comments	2 is common
Renewal Term Length	5 years

<i>JLL Comments</i>	
Renewal Rental Rate	FMV
<i>JLL Comments</i>	Common, preferred to add a not-less-than
Renewal Notice Period	3 months
<i>JLL Comments</i>	Short
Restoration Obligations	Clean condition
<i>JLL Comments</i>	Typical for office
Construction Period	Not stated
<i>JLL Comments</i>	4 to 6 month period would be standard
Operations / Management	Tenant minor / landlord major
<i>JLL Comments</i>	Common

JLL General Comments

- | |
|--|
| <ul style="list-style-type: none"> • JLL preliminary-assessment: Class C plus / B minus office / flex |
| <ul style="list-style-type: none"> • Area is not otherwise considered commercially viable from a real estate perspective apart from Marine and Public use |
| <ul style="list-style-type: none"> • Should have a base year for NNN costs |

Contract Summary for Parks Department

DPR Lease: EarthCorps

Magnuson Park - Building 30

7400 Sand Point Way NE, Seattle WA 98115



Ordinance

None provided

Property Information

Building	Magnuson Park, Building 30
<i>JLL Comments</i>	
Premises / RSF / Description	5,648 s.f. of Finished Space and 3,207 s.f. of Unfinished Space
<i>JLL Comments</i>	Typically defined as office / warehouse / not usual to separate schedule unless different use
Expansion	None
<i>JLL Comments</i>	

General Details		Comments
Ordinance Number		No ordinance, no fiscal note
Council Bill		
Ordinance Date Passed		
Lease Execution Date		JLL does not possess executed contract
Contract Type	Concession Agreement	
Contact Description	Modified Gross Rent	Lessee doesn't have base year, pays janitorial

Lease Contract Review					
Description	Content			Section	
Adjacent Area	Concessionaire is granted a revocable license to install and maintain storage facilities for its exclusive use in the location			Article 1:1.2	
<i>JLL Comments</i>	Typical given use, sometimes a small fee will be imposed				
Parking	General Parking: No exclusive parking rights are associated with this Agreement.			Article 2: 2.2	
<i>JLL Comments</i>	Typically provided an allocation, Earthcorps had stalls at visual inspection				
Loading Zones	Service Vehicle Parking: Loading zones to allow The City hereby agrees to establish loading zones by appropriate signage and Concessionaire is hereby granted the right to park its service vehicles.			Article 2: 2.3	
<i>JLL Comments</i>	Common given the use and need				
Initial Term	Ten (10) years, beginning on the date when executed by an authorized representative of both parties.			Article 3: 3.1	
<i>JLL Comments</i>	Longer than typical for market or at market				
Extended Term	Three (3) successive individual extended terms of five (5) years each on the same terms and conditions set forth herein Ninety (90) days prior written notice			Article 3: 3.2	
<i>JLL Comments</i>	Typically not more than two provided				
Permitted Use	Permitted Use: Concessionaire shall use the Premises, meeting rooms, storage and administrative offices related to the general operations of EarthCorps as a nonprofit organization			Article 4: 4.1	
<i>JLL Comments</i>	Typically much broader and never states Tenant name				
Concession Fee	Space Type	Square Footage	Rental Rate	Total	Article 5: 5.1
	Premises Mixed Office – Finished	5,649 sq. ft.	\$11.50	\$64,963.50	
	Premise unfinished	3,207 sq. ft.	\$3.00	\$9,621.00	
	Annual Concession Fee			\$74,584.50	
<i>JLL Comments</i>	Rent is below market in a pure sense, but after reconciliation seems within acceptable range Modified gross lease where Tenant pays janitorial and taxes in addition to the concession fee				
Adjustments to Concession Fee	Annually the Concession Fee shall be adjusted upward by the greater of either two (2) percent or the percentage increase in the Consumer Price Index. Notwithstanding the foregoing, the annual adjustment shall never exceed four percent (4%)			Article 5: 5.3.1	
<i>JLL Comments</i>	CPI rarely used, maximum is typically 5%, if provided				
Adjustments to Concession Fee	Effective as of the sixth anniversary of the Commencement Date, the annual Concession Fee shall be adjusted. The fair market rate adjustment shall not exceed ten percent (10%) if the			Article 5: 5.3.2	

Lease Contract Review

Description	Content	Section
	then-current Concession Fee.	
<i>JLL Comments</i>	Very uncommon and Landlord favored	
Offsets (Capital Improvements)	Subject to the Superintendent's prior approval, up to ten thousand dollars (\$10,000) of Concessionaire's actual costs spent on capital improvements to the Premises may be used as an offset against the Concession Fee.	Article 5: 5.6.2
<i>JLL Comments</i>	Need to confirm amount	
Utilities	City shall furnish and pay for electricity, heat, gas, water, sewer, and garbage collection services to the Premises.	Article 6: 6.1
<i>JLL Comments</i>	Typical	
Janitorial	Concessionaire shall provide all custodial and janitorial services as may be required in and for the Premises and trash and litter pickup within the Premises.	Article 7: 7.2
<i>JLL Comments</i>	Typical	
Care of Premises	Major Maintenance	Article 7: 7.3
<i>JLL Comments</i>	Reads as though major maintenance is a cost imposed on tenant, such as rooftop cooling units, need to confirm	
Care of Premises	Concessionaire shall participate in an annual inspection of the Premises with a DPR representative, and Concessionaire shall take any and all action that DPR may reasonably require to maintain and operate the Premises in accordance	Article 7: 7.4
<i>JLL Comments</i>	Typical in public sector	
Termination for Convenience	City may, at any time and without liability of any kind to Concessionaire terminate this agreement upon two hundred seventy (270) days' prior written notice City will pay a Termination Fee to Concessionaire that is equal to the dollar amount of the previous twelve (12) month's fee that the Concessionaire paid to the City.	Article 20: 20.4
<i>JLL Comments</i>	Need to reconcile rent even with termination fee, language seems ambiguous	

	Tenant Favored	Landlord Favored	Neutral
Rent Schedule	✘		
Improvement Allowance		◊	
Concessions		◊	
Security Deposit	✘		
Renewal Language	✘		
Restoration Obligations		◊	
Construction	✘		
Operation/maintenance of the facility			●

Summary	
Starting Rental Rate	\$11.50 SF / Year
JLL Comments	Below market
Rent Type	Modified Gross
JLL Comments	NNN is preferred
Annual Escalator	CPI – not less than 2% not more than 4%. Mid-term FMV adjustment not to exceed 10%
JLL Comments	Better to have fixed escalator
Abated Rent	None
JLL Comments	
Improvement Allowance	None
JLL Comments	Typically some allowance provided on the finished space
Other Concessions	None
JLL Comments	
Security Deposit	None
JLL Comments	
Renewal Number of Options	3
JLL Comments	
Renewal Term Length	5 years
JLL Comments	

Renewal Rental Rate	FMV
<i>JLL Comments</i>	Standard language
Renewal Notice Period	3 months
<i>JLL Comments</i>	Typically prefer nine months
Restoration Obligations	Current condition
<i>JLL Comments</i>	Better to have the ability to cause Tenant to remove its equipment
Construction Period	Not defined
<i>JLL Comments</i>	4 to 6 month period would be standard
Operations / Management	Tenant minor / landlord major
<i>JLL Comments</i>	Typical

JLL General Comments

- Where is industrial contract?
- No other commercially viable use in the area apart from public programming

Contract Summary for Parks Department

DPR Lease: Arena Sports – Magnuson Park

Building 27

7751 63rd Avenue, NE, Seattle WA 98115



Ordinance

Ordinance authorizes the Superintendent of the Department of Parks and Recreation (DPR) to enter into a 20-year Concession Agreement with Arena Sports Magnuson LLC for the purpose of renovating Building 27, and operating an active indoor recreation facility, at Warren G. Magnuson Park.

Property Information

Building	Building 27 (Parcel 2 – constructed 1937) Steel frame building constructed to be an aircraft hangar containing a little over 100,000 sf. It is 50 ft. high and contains one large hangar bay and office on the northwest and southeast corner for the full, four-story height.
<i>JLL Comments</i>	Square footage should be more precisely defined
Premises / RSF / Description	Building 27 at Warren G. Magnuson Park situated on real property, 100,000 RSF approximately
<i>JLL Comments</i>	The RSF should be precisely defined in definitions
Expansion	N/A
<i>JLL Comments</i>	

General Details

Comments

Ordinance Number	122813	
Council Bill	116312	
Ordinance Date Passed	09/29/2008	
Lease Execution Date	No date	JLL not provided execution copy
Contract Type	Concession Agreement, NNN lease	
Contract Description	NNN rent with offset rights	

Lease Contract Review

Description	Content	Section
Possession Date	The date when Concessionaire receives a building permit from the Seattle Department of Planning & Development (DPD) to construct the Initial Alterations to the Premises	1.3
<i>JLL Comments</i>	Ambiguous but standard given situation	
Rent Commencement Date	Upon Concessionaire's receipt of a certificate of occupancy from DPD for the Initial Alterations	1.4
<i>JLL Comments</i>	<i>Typically Tenant timelines imposed</i>	
Expiration Date	The date that is 20 years from the Rent Commencement Date	1.5
<i>JLL Comments</i>	Considered long term	
Base Rent / Adjustments	\$21,250 per month (\$255,000 annually); plus 10% of the Concessionaire's Gross Receipts from short-term rentals of the Premises to third parties for corporate conferences, meetings, promotions and similar events / A possible reduction of up to 77% of the rent, based on capital improvement off-sets allowed in the Agreement.	1.6 & Att. A
<i>JLL Comments</i>	Approximately 40% of what the private sector would bear or less	
Additional Charges	Tenant pays all charges	1.63
<i>JLL Comments</i>	Typical	
Condition	Concessionaire accepts the premises in their "as is" condition	2.3
<i>JLL Comments</i>	Typical	
Parking	Throughout the Term City shall maintain a minimum of 300 parking stalls within the Parking Area.	2.5
<i>JLL Comments</i>	Standard for use	
Operations	Concessionaire shall conduct its business operations on the Premises continuously throughout the term and shall keep the Premises open for business during the usual business hours of each and every business day as is customary for businesses of like character except for approved closures for remodeling, renovation and repair.	2.7
<i>JLL Comments</i>	Standard for use	
Extended Term	Concessionaire shall have the option to extend this Agreement for 2 successive terms of 5 years each (the "Extended Terms"), on the same terms and conditions set forth herein except that the renewed Agreement shall contain no further renewal options. Concessionaire may extend term by giving City written notice of its intention to do so at least 1 year prior to the beginning of each Extended Term.	3.2
<i>JLL Comments</i>	Standard, most Landlord favored of JLL contract pool	
Right to Terminate	City shall have an option exercisable one time for each 5 year period during the term of this Agreement, with the first 5 year period commencing on the 10 th anniversary of the Rent Commencement Date, to terminate this Agreement for public convenience; by written notice... in no	3.3

Lease Contract Review

Description	Content	Section
	event less than 2 years from the date of said notice. If the City exercises such option it shall pay Concessionaire the amount of Concessionaire's Capital Improvement Rental Offset not previously offset, and Concessionaire shall no longer be entitled to any Capital Improvement Rental Offset under this Agreement.	
<i>JLL Comments</i>	Factor in rent reconciliation	
Base Rent Adjustments	Annual CPI increase, in no event shall the monthly Base Rent decrease as a result of such adjustment.	4.2
<i>JLL Comments</i>	CPI rarely used	
Capital Improvement Rental Offset	Concessionaire shall be entitled to apply as an offset against up to 77% of each monthly Base Rent payment, the actual remaining unamortized costs incurred by Concessionaire and directly related to the design, permitting and construction of the Initial Alterations and any subsequent capital improvements to the Premises approved by the Superintendent; Each month throughout term, Concessionaire shall report to parks Finance Director, or his or her designee, the dollar amount of Capital Improvement Rental Offset it is applying to such Base Rent.	4.3
<i>JLL Comments</i>	Need to see monthly invoice, contract would only be relevant for revitalization of dilapidated facility	
Public Program Rental Offset	Concessionaire may request a Public Program Rental Offset against Base Rent to reflect expenditures for programming that is available to the public (such as scholarship programs or free public classes) above and beyond those public benefits identified in Section 5 that are an express condition of this Agreement.	4.4
<i>JLL Comments</i>	See above	
Public Benefits	Each year during the Term of this Agreement, Concessionaire shall provide, at a minimum, the Public Benefits described in Exhibit D.	5
<i>JLL Comments</i>	Factor in rent reconciliation	
Building Alteration Rqmts.	The parties acknowledge and agree that the rehabilitation of the Premises is a fundamental purpose of this Agreement and Concessionaire agrees to use every commercially reasonable effort to complete the Initial Alterations and obtain a Certificate of Occupancy for the permitted Use within 48 months of the Effective Date	7.1
<i>JLL Comments</i>	Standard for circumstance	
Land Use Code Amendments	Concessionaire and the Superintendent shall work together to develop and propose to the City Council amendments to Seattle Municipal Code Chapter 23.72.	7.4
<i>JLL Comments</i>	Factor in rent reconciliation	
High Capacity Events	If Concessionaire reasonably anticipates that more than 250 people will attend any event on the Premises, the Concessionaire shall provide the City with no less than 30 days advance written notice.	8.2
<i>JLL Comments</i>	Standard	
Management & Operations Plan	The Concessionaire shall prepare and submit to the Superintendent... an annual plan for the management and operation of the Premises.	8.3

Lease Contract Review

Description	Content	Section
<i>JLL Comments</i>	Factor in rent reconciliation	
Non-Competing Uses	So long as this Agreement is in effect and Concessionaire continuously operates a health studio that exceeds 10,000 sf on the Premises, City shall not permit the operation of another health studio that exceeds 5,000 sf or a self-service health studio of any size within Magnuson Park without Concessionaire's written approval.	8.4
<i>JLL Comments</i>	Standard for sophisticated tenants like Arena Sports	
Adult Soccer League	Annually... Concessionaire shall propose a schedule for Concessionaire's use of outdoor Park facilities for adult soccer leagues, games tournaments and practices.	8.5
<i>JLL Comments</i>	Factor in rent reconciliation	
Youth Soccer League	Annually... in Concessionaire's Management and Operations Plan, Concessionaire shall propose a schedule for Concessionaire's use of outdoor facilities for youth soccer leagues, games tournaments and practices.	8.6
<i>JLL Comments</i>	Factor in rent reconciliation	
Fees	The fees that Concessionaire charges the public for use of its facilities and for program participation at the Premises shall not be more that 110 percent of the fees that the Concessionaire charges for the same or substantially similar programs and activities at its other facilities in the region	8.7
<i>JLL Comments</i>	Is there a mechanism to validate?	
Utilities	Concessionaire shall pay when due to the appropriate providers, all charges for utilities for the Premises including, but not limited to, electricity, water and sewer services and data and telecommunications services.	9.1
<i>JLL Comments</i>	Common for product class	
Concessionaire Alterations	Concessionaire may, following notice to the Superintendent but without the need for formal consent, make improvements to the Premises that, in the aggregate, do not exceed \$25,000 in any calendar year.	11.1
<i>JLL Comments</i>	Common private sector language	
Ownership of Alterations	All alterations, additions and improvements for which the Concessionaire claimed and was granted a Capital Improvement Rental Offset, (expressly including all light fixtures; heating and ventilation units; floor, window and wall coverings; and electrical wiring), shall become the property of City at the expiration or termination of this Agreement without any obligation on its part to pay for any of the same.	11.4
<i>JLL Comments</i>	City has right to keep or require restoration	
Care of Premises	Concessionaire shall take good care of the Premises; Concessionaire shall be responsible for all minor and major maintenance of the Premises during the Term of this Agreement including but not limited to repairs of cracked or broken glass, regular exterior painting and masonry maintenance, roof repairs and replacement and HVAC replacement and	12.1 & 12.2

Lease Contract Review

Description	Content	Section
	repair.	
<i>JLL Comments</i>	Typically Tenant will only pay for major improvements as a pro-rata over the useful life	
Custodial Services	Concessionaire shall, at its own expense, at all times, keep the Premises, the entrance to the Premises and areas within 10 feet of the exterior Premises' walls in a neat, clean, safe and sanitary condition; and keep the glass of all windows and doors serving the Premises clean and presentable.	12.5
<i>JLL Comments</i>	Common for single tenant occupant	
Surrender of Premises	At the expiration or sooner termination of the Agreement Term, Concessionaire shall return the Premises to City in the same condition in which received on the Possession Date (or, if altered, then the Premises shall be returned in such altered condition unless otherwise directed by City pursuant to Section 11)	14
<i>JLL Comments</i>	City has right to keep or require restoration	
Public Benefit Requirements	Approx. 27,000 sf of the Premises... shall be available for rent for Community Events on a short-term basis, not to exceed 2 consecutive weekend days / Approx. 55,000 sf of the Premises... shall be available for rent during the 3-day Labor Day and Memorial Day weekends for Community Events.	Exhibit D – I. B & C
<i>JLL Comments</i>	Factor in rent reconciliation	
Free Programs	Concessionaire agrees to allow Seattle Parks & Recreation to sponsor a youth indoor soccer league at the Premises each year, which could host up to 2,000 youth.	Exhibit D – III. A
<i>JLL Comments</i>	Factor in rent reconciliation	
Scholarships	Concessionaire shall provide 30 individual scholarships each year for use of the facility including the Health & Fitness areas, to be awarded by Seattle Parks and Recreation.	Exhibit D – IV
<i>JLL Comments</i>	Factor in rent reconciliation	
Reduced Fee Programs	Concessionaire shall provide 500 hours of facility use each year for reduced-price programs (75% of standard Arena Sports pricing) / Concessionaire agrees to provide 300 hours of field time discounted by at least 25% of standard Arena Sports rental pricing for neighborhood non-profit soccer clubs.	Exhibit D – V. A & B
<i>JLL Comments</i>	Factor in rent reconciliation	

Ordinance

Arena Sports, with the City's support, wishes to obtain Historic Rehabilitation Tax Credits for the renovation of Building 27, both to assist in financing the renovation and to ensure that the Secretary of the Interior's standards for historic preservation are met.

Amendment One

Ordinance Number	123249	
Council Bill	116795	
Ordinance Date Passed	03/08/2010	
Lease Execution Date	No date	JLL doesn't possess execution copy
Contract Type		
Contract Description		

Amendment Contract Review

Provision	Description	Section
Term	This Agreement shall commence on the Effective Date and terminate 40 years after the Rent Commencement Date, unless the Agreement is terminated earlier as provided herein; The amendment to the lease extends the term from 20 to 40 years; In addition to being within the Historic District, a qualifying project must have a lease with a term greater than 39 years. The current agreement between Arena Sports and the City has a 20-year term, plus 2, 5-year option periods. The amendment to the agreement proposed with this legislation extends the term to 40 years to meet the federal tax credit requirement.	3.1 / Fiscal Note for Non-Capital Projects
<i>JLL Comments</i>	Common for historical requirements	
Base Rent / Adjustments	Base Rent is \$21,250 per month (\$255,000 annually); plus 10% of Lessee's Gross Receipts from short-term rentals of the Premises to third parties for corporate conferences, meetings, promotions and similar events / A possible reduction of up to 77% of the rent, based on capital improvement off-sets allowed in the lease agreement.	Attachment A
<i>JLL Comments</i>	Per existing contract	
Anticipated Revenue / Tax Credit Non-Implementation	Base rent is \$255,000 per annum; They will be allowed to offset up to 77% of the base rent for eligible capital development expenditures; Because of the Tax Credits, the City will begin getting full rent earlier than without the tax credits, which will generate \$1.3M, in additional revenue for the City over the life of the Lease; it is possible that without the federal tax credits the project will be unable to proceed.	Fiscal Note for Non-Capital Projects
<i>JLL Comments</i>	Important note	
Right to Terminate	The City shall have an option to terminate this Agreement if Concessionaire fails to fully renovate and occupy the northwest and southwest access towers located within the Premises and depicted on Exhibit F hereto... If the City exercises such option, the City shall pay Concessionaire the amount of its eligible capital expenditures for the Premises to the extent not previously offset, and Concessionaire shall no longer be entitled to any Capital Improvement Rental Offset under this Agreement.	3.3

Amendment Contract Review		
Provision	Description	Section
<i>JLL Comments</i>	Important note	
Capital Improvement Rental Offset	<p>Except as provided below with respect to expenditures eligible for Federal rehabilitation tax credits, throughout the Term, Concessionaire shall be entitled to apply as an offset against up to 77% of each monthly Base Rent payment, the actual remaining unamortized costs incurred by Concessionaire and directly related to the design, permitting and construction of the Initial Alterations and any subsequent capital improvements to the Premises approved by the Superintendent pursuant to Section 11; Each month throughout the term, Concessionaire shall report to the Parks Finance Director, or his or her designee, the dollar amount of Capital Improvement Rental Offset it is applying to such Base Rent. If the aggregate amount of capital expenditures subject to the Capital Improvement Rental Offset exceeds the total Base Rent payable under this Agreement during the Term, Concessionaire shall not have any right to recover from the City the balance; If Concessionaire receives any Rehabilitation Tax Credit, then the aggregate amount of costs of the Initial Alterations that Tenant may apply against Base Rent pursuant to this Section 4.3 shall be reduced by an amount equal to 75% of the net amount of the Rehabilitation Tax Credit less costs incurred by Tenant in connection with its application and processing necessary to obtain the Rehabilitation Tax Credit</p>	4.3
<i>JLL Comments</i>	Need to see invoice, is there a minimum?	

	Tenant Favored	Landlord Favored	Neutral
Rent Schedule	✘		
Improvement Allowance	✘		
Concessions		◇	
Security Deposit	✘		
Renewal Language			●
Restoration Obligations		◇	
Construction	✘		
Operation/maintenance of the facility		◇	

Summary	
Starting Rental Rate	Without offset: \$0.21 SF/space/month With offset: Approx. \$0.02 SF/month
JLL Comments	Significantly below market before offset
Rent Type	NNN
JLL Comments	Standard
Annual Escalator	CPI
JLL Comments	Not traditionally used
Abated Rent	None
JLL Comments	Typically offered
Improvement Allowance	In form of reduced rent
JLL Comments	Typically low for industrial product
Other Concessions	None
JLL Comments	Typically commissions included
Security Deposit	None
JLL Comments	Typically minimum of one month
Renewal Number of Options	2
JLL Comments	Typical
Renewal Term Length	5 years
JLL Comments	Typical

Renewal Rental Rate	FMV
<i>JLL Comments</i>	Unclear
Renewal Notice Period	12 months
<i>JLL Comments</i>	Standard
Restoration Obligations	Per City discretion
<i>JLL Comments</i>	Strong language
Construction Period	Ambiguous
<i>JLL Comments</i>	4 to 6 month period would be standard
Operations / Management	All costs paid by concessionaire
<i>JLL Comments</i>	Strong language

JLL General Comments	
	<ul style="list-style-type: none"> Contract would only be relevant for revitalization of dilapidated facility
	<ul style="list-style-type: none"> Need to see annual invoice
	<ul style="list-style-type: none"> Little to no demand apart from public works at time of contract execution

Contract Summary for Parks Department

DPR Lease: PRATT Fine Arts Center

1902 South Main Street, Seattle WA 98144



Ordinance

Authorizing the Superintendent to enter into an agreement with Pratt Fine Arts Center for use of the Department's Pratt Fine Arts Studio to provide arts education, programming, and services

Property Information

Building	Pratt Fine Arts Studio
<i>JLL Comments</i>	
Premises	1902 South Main Street, Seattle WA 98144, <i>no RSF provided – KC 9,600 SF</i>
<i>JLL Comments</i>	The RSF should be precisely defined in definitions

General Details

Comments

General Details		Comments
Ordinance Number	122101	
Council Bill	115509	
Ordinance Date Passed	05/08/2006	
Lease Execution Date		JLL doesn't possess execution copy
Contract Type	Use & Occupancy Agreement	
Contract Description	NNN Rent	

Contract Review		
Description	Content	Section
Initial Term of Agreement	Commencement: July 1, 2006 Expiration: June 20, 2016	Article 2
<i>JLL Comments</i>	10 year contract, standard	
Extension Term of Agreement	One 10 year extension with 3 months' notice	Article 2
<i>JLL Comments</i>	Typically 2 five year options with 9 months' notice	
Use, Occupancy and Services	Premises solely to provide public artistic and educational programs and for purposes incidental thereto, including occasional fundraising activities and administrative offices.	Article 4: 4.1
<i>JLL Comments</i>	Typically more broad in the private sector	
Programming goals	Programming Goals: PRATT shall provide visual arts programs meeting the following community interests.	Article 4: 4.5.2
<i>JLL Comments</i>	Needs to be taken into account for rent schedule	
Programming goals	By July 7, 2006, and by September 1 of each year thereafter, during the Term, PRATT shall provide DPR with a written report detailing the number of scholarships awarded, a description of the programs provided, including class attendance sizes, and other public benefits provided for the immediately preceding fiscal year ending June 30.	Article 4: 4.5.3
<i>JLL Comments</i>	Needs to be taken into account for rent schedule	
Programming goals	Special Programs: PRATT shall use reasonable best efforts to provide low income and disadvantaged citizen's access to the Studio through free and/or discounted classes and workshops.	Article 4: 4.5.4
<i>JLL Comments</i>	Needs to be taken into account for rent schedule (apart from "best efforts")	
Use Fees; DPR Approved Credits and Adjustments Thereto; Taxes	During initial term, PRATT shall pay the City a month Use Fee of \$6,646.00	Article 5: 5.1.1
<i>JLL Comments</i>	\$8.30 RSF/ YR NNN – significantly below market	
Escalations	CPI not to exceed 4%	Article 5: 5.1.2
<i>JLL Comments</i>	CPI rarely used commercially apart from rural areas	
Escalation on extension	Use Fee During Extended Term: The Fair Market Value of the Premises PRATT may offset the actual costs of the maintenance and repairs concluded during any calendar year beginning January of following year in 12 equal installments, to an annual maximum of six thousand dollars (\$6,000) in any year may be carried forward to future year (s).	Article 5: 5.2.1
<i>JLL Comments</i>	Need to value against related public sector	

Contract Review

Description	Content	Section
Use Fees; DPR Approved Credits and Adjustments Thereto; Taxes	Public Benefit Offset: PRATT shall be entitled to an offset against the use Fee for the value to the City of the public benefit components of PRATT's program. Shall include its valuation estimate in the program report required pursuant to Subsection 4.5.3	Article 5: 5.2.2
<i>JLL Comments</i>	Need to value against related public sector	
Use Fees; DPR Approved Credits and Adjustments Thereto; Taxes	Limitation on Offsets: Notwithstanding anything in this Agreement to the contrary, in no event shall PRATT's monthly Use Fee be less than \$1,000.	Article 5: 5.2.3
<i>JLL Comments</i>	Need invoicing to determine, suggest	
Use Fees; DPR Approved Credits and Adjustments Thereto; Taxes	Taxes: The Use Fee does not include any state tax that may be levied or assessed as a consequence of this Agreement or any activity of PRATT.	Article 5: 5.3
<i>JLL Comments</i>	Typical	
Finances and Payment Processes	Washington State Leasehold Excise Tax	Article 6: 6.1
<i>JLL Comments</i>	Typical for this type of contract	
Care of Premises	Routine Maintenance and Repair: PRATT shall arrange and pay all costs for routine maintenance and repairs to the Premises and all building systems therefore, including but not limited to electrical and mechanical systems, glass, heating and plumbing systems, furniture, fixtures, and equipment.	Article 8: 8.1
<i>JLL Comments</i>	Typical	
Care of Premises	Major Maintenance and Repair: DPR shall determine the need for and be responsible for all major maintenance for the exterior of the Premises, including the exterior walls and roof, and for any access roads and parking areas.	Article 8: 8.2.1
<i>JLL Comments</i>	Typical	
Care of Premises	Building Interior: PRATT shall undertake all major maintenance and repairs to the interior of the Premises that either party determines may be required during the Term. If DPR determines that the existing Studio building requires major interior repairs and/or improvements that would significantly improve or prolong the life of the facility, then PRATT shall cause such repairs.	Article 8: 8.2.2
<i>JLL Comments</i>	Ambiguous, need to discuss	
Custodial/Grounds Maintenance	PRATT Obligation: PRATT shall provide necessary housekeeping and janitorial services for the interior of the Premises to a level consistent with other similar facilities and operations and to the Superintendents reasonable satisfaction.	Article 8: 8.3.1
<i>JLL Comments</i>	Typical	
Custodial/Grounds Maintenance	DPR Obligations: DPR shall be responsible for the ordinary maintenance of the grounds surrounding the Studio, including Pratt Park areas, the parking area, and	Article 8: 8.3.2

Contract Review		
Description	Content	Section
	outdoor lighting.	
<i>JLL Comments</i>	Typical	
Alterations or Improvements	All DPR-approved alterations or capital improvements shall remain in and be surrendered with the Premises at the expiration or earlier termination of this Agreement, unless DPR agrees otherwise. At the time PRATT proposes to make a capital improvement, PRATT may request DPR to notify PRATT whether such improvement may or must be removed upon expiration or termination of the Agreement and DPR shall make such election in a timely manner.	Article 11
<i>JLL Comments</i>	To discuss	
Termination	Process for Termination of Agreement: Either party may terminate this Agreement if the other party has materially breached the Agreement and such breach has not been corrected to the reasonable satisfaction of the dissatisfied party within the time stated in this Agreement or, if no time is stated, then within thirty (30) days after notice of breach has been provided to such other party.	Article 21: 21.1.1
<i>JLL Comments</i>	Vague and definitely Tenant favored	
Vacating of Premises	Upon expiration or earlier termination of this Agreement, PRATT shall return the Premises, together with all DPR-approved capital improvements made thereto and fixtures installed therein, in good condition, except for normal wear and tear, unless the City consents otherwise.	Article 22
<i>JLL Comments</i>	Need more specificity on what Landlord can cause Tenant to restore	
Background	For the first five years the annual use fee is set at \$79,752 per annum. PRATT will be allowed to offset a maximum of \$67,752 per year. Offsets can include public benefit discounts and a maximum of \$6,000 per year from costs related to major maintenance. Between September 1, 2003 through August 31, 2004 PRATT reported \$116,070 in benefits to the public through scholarships and tuition waivers.	DPR Pratt Fine Arts Center Agreement ORD
<i>JLL Comments</i>	Summary	

	Tenant Favored	Landlord Favored	Neutral
Rent Schedule	✘		
Improvement Allowance		◇	
Concessions		◇	
Security Deposit	✘		
Renewal Language	✘		
Restoration Obligations		◇	
Construction	✘		
Operation/maintenance of the facility			●

Summary	
Starting Rental Rate	\$8.30 RSF/ YR
JLL Comments	Significantly below market
Rent Type	NNN
JLL Comments	Preferred structure
Annual Escalator	CPI with a not-to-exceed of 4%
JLL Comments	Better to have fixed schedule
Abated Rent	None
JLL Comments	
Improvement Allowance	In the form of offset rent
JLL Comments	
Other Concessions	None
JLL Comments	
Security Deposit	None
JLL Comments	Typically one month minimum especially when TI involved
Renewal Number of Options	1
JLL Comments	Typical
Renewal Term Length	10 years

<i>JLL Comments</i>	Typical is five
Renewal Rental Rate	FMV with a not-less than
<i>JLL Comments</i>	Typical
Renewal Notice Period	3 months
<i>JLL Comments</i>	Short
Restoration Obligations	Tenant must surrender in existing condition, or DPD had opportunity at time of build to request removal
<i>JLL Comments</i>	Stronger language than typical, but recommend determining at end of lease if whether to cause tenant to vacate or not
Construction Period	Not stated
<i>JLL Comments</i>	Should be defined – 6 months is standard
Operations / Management	Tenant minor / landlord major
<i>JLL Comments</i>	Typical

JLL General Comments	
	<ul style="list-style-type: none"> JLL preliminary-assessment: Class C office / flex
	<ul style="list-style-type: none"> Area is not otherwise considered commercially viable from a real estate perspective