



SEATTLE CITY COUNCIL

Legislative Summary

CB 118473

Record No.: CB 118473

Type: Ordinance (Ord)

Status: Passed

Version: 1

124841

In Control: City Clerk

File Created: 07/09/2015

Final Action: 08/21/2015

Title: AN ORDINANCE authorizing the Director of Finance and Administrative Services to execute an amendment extending certain lease agreements between The City of Seattle and KBS SOR CENTRAL BUILDING, LLC, a Delaware limited liability company, for office space the City leases at 810 Third Avenue; and ratifying and confirming certain prior acts.

Date

Notes:

Filed with City Clerk:

Mayor's Signature:

Sponsors: Licata

Vetoed by Mayor:

Veto Overridden:

Veto Sustained:

Attachments: Att 1 - First Amendment to Lease Agreements

Drafter: bill.craven@seattle.gov

Filing Requirements/Dept Action:

History of Legislative File

Legal Notice Published:

☐ Yes

☐ No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	07/28/2015	Mayor's leg transmitted to Council	City Clerk			
	Action Text: The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk						
	Notes:						
1	City Clerk	07/28/2015	sent for review	Council President's Office			
	Action Text: The Council Bill (CB) was sent for review. to the Council President's Office						
	Notes:						
1	Council President's Office	07/29/2015	sent for review	Finance and Culture Committee			
	Action Text: The Council Bill (CB) was sent for review. to the Finance and Culture Committee						
	Notes:						
1	Full Council	08/10/2015	referred	Finance and Culture Committee			

- 1 Finance and Culture Committee 08/12/2015 pass Pass
Action Text: The Committee recommends that Full Council pass the Council Bill (CB).
In Favor: 3 Chair Licata, Vice Chair Godden, Member Burgess
Opposed: 0
- 1 Full Council 08/17/2015 passed Pass
Action Text: The Council Bill (CB) was passed by the following vote and the President signed the Bill:
Notes:
In Favor: 8 Councilmember Bagshaw, Council President Burgess, Councilmember Godden, Councilmember Harrell, Councilmember O'Brien, Councilmember Okamoto, Councilmember Rasmussen, Councilmember Sawant
Opposed: 0
- 1 City Clerk 08/18/2015 submitted for Mayor Mayor's signature
Action Text: The Council Bill (CB) was submitted for Mayor's signature. to the Mayor
Notes:
- 1 Mayor 08/21/2015 Signed
Action Text: The Council Bill (CB) was Signed.
Notes:
- 1 Mayor 08/21/2015 returned City Clerk
Action Text: The Council Bill (CB) was returned. to the City Clerk
Notes:
- 1 City Clerk 08/21/2015 attested by City Clerk
Action Text: The Ordinance (Ord) was attested by City Clerk.
Notes:
-

CITY OF SEATTLE
ORDINANCE 124841
COUNCIL BILL 118473

AN ORDINANCE authorizing the Director of Finance and Administrative Services to execute an amendment extending certain lease agreements between The City of Seattle and KBS SOR CENTRAL BUILDING, LLC, a Delaware limited liability company, for office space the City leases at 810 Third Avenue; and ratifying and confirming certain prior acts.

WHEREAS, the City has leased office space for the Human Services Department (HSD) and the Seattle Office for Civil Rights (SOCR) on separate floors in the Central Building under separate agreements, each for a term of 10 years, as authorized by Ordinances 121934 and 121935, respectively; and

WHEREAS, the scope of programs administered by SOCR has expanded to include Labor Standards, which administers the minimum wage, wage theft, paid sick and safe time, and job assistance ordinances, necessitating additional office space for such programs; and

WHEREAS, between space reconfiguration and personnel moves within HSD, HSD needs less office space than it has historically required; and

WHEREAS, there is not sufficient office space within City-owned buildings for the foreseeable future in which to accommodate SOCR's and HSD's space needs; and

WHEREAS, HSD's existing lease in the Central Building expires on August 24, 2015; and

WHEREAS, the Central Building's landlord is willing to extend the term of the HSD lease for the reduced amount of office space and to extend the terms of HSD's and SOCR's leases for an approximate period of ten years, each; and

WHEREAS, the Central Building's 810 Third Avenue location provides public benefits including excellent transit service and accessibility to all people that are served by both HSD's and SOCR's programs; and

WHEREAS, the City Council's approval of this lease amendment is required under Seattle Municipal Code Section 3.127.020, because the total office square footage leased in one calendar year exceeds 5,000 square feet and the lease term exceeds five years; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The Director of Finance and Administrative Services (Director), or the Director's designee, is authorized to execute for and on behalf of The City of Seattle (City) the First Amendment to Lease Agreements (First Amendment) between the City, as tenant, and KBSOR CENTRAL BUILDING, LLC, as landlord, substantially in the form of Attachment 1 to this Ordinance and identified as "First Amendment to Lease Agreements," providing for the City's continued occupancy of a portion of the real property located at 810 Third Avenue in Seattle.

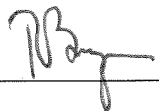
Section 2. The First Amendment incorporates a reduced amount of office space for HSD and an increased amount of office space for SOCR and extends the lease's term for ten years and two months from the commencement date specified in the First Amendment. Additionally, the Director is authorized to extend the term of the leases for up to two additional five-year periods, each.

Section 3. The rental payments contemplated by the terms of the First Amendment authorized in Section 1 of this Ordinance shall be charged to the appropriate expenditure allowance or allowances in the budget of the Department of Finance and Administrative Services (FAS), and shall be reimbursed to FAS by the Departments that are utilizing the leased space.

Section 4. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is hereby ratified and confirmed.

Section 5. 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 17th day of AUGUST, 2015, and signed by me in open session in authentication of its passage this 17th day of AUGUST, 2015.



President _____ of the City Council

Approved by me this 21st day of AUGUST, 2015.



Edward B. Murray, Mayor

Filed by me this 21st day of AUGUST, 2015.



Monica Martinez Simmons, City Clerk

(Seal)

Attachment 1: First Amendment to Lease Agreements

FIRST AMENDMENT TO LEASE AGREEMENTS

This First Amendment to Lease Agreements (this "First Amendment") is made and entered into by and between **KBS SOR CENTRAL BUILDING, LLC**, a Delaware limited liability company (hereinafter "Lessor") and **THE CITY OF SEATTLE**, a municipal corporation of the State of Washington (hereinafter the "City" or the "Lessee"), to be dated on and as of the date on which the Lessor executes this First Amendment as set forth on the signature page hereto (the "Effective Date").

WITNESSETH:

WHEREAS, Lessor and the City are parties to that certain Lease Agreement dated July 5, 2005, originally entered into by and between 350, L.L.C., a Washington limited liability company and Central Promoter LLC, a Washington limited liability company, jointly and severally (collectively, the "Original Lessor"), and the City, as subsequently modified by that certain letter dated October 17, 2005 (as modified, the "Suite 750 Lease"), pursuant to which the City currently leases from Lessor that certain space located on the seventh (7th) floor, designated as Suite 750 (the "Suite 750 Premises") in the building commonly known as the Central Building (the "Building") and located at 810 Third Avenue, Seattle, Washington 98104; and

WHEREAS, Lessor and the City are parties to that certain Lease Agreement dated August 3, 2005, originally entered into by and between the Original Lessor and the City, as amended by that certain letter dated November 16, 2005 (as amended, the "Suite 400 Lease"), pursuant to which the City leases from Lessor that certain premises, designated as Suite 400, containing a total of 28,523 rentable square feet located on the third (3rd) and fourth (4th) floors (the "Suite 400 Premises") in the Building (with the Suite 750 Lease and the Suite 400 Lease being collectively referred to herein as the "City Leases"); and

WHEREAS, Lessor has succeeded to all of the rights, interests and obligations of Original Lessor under the Suite 750 Lease and the Suite 400 Lease; and

WHEREAS, the current Term of (i) the Suite 750 Lease expires on August 24, 2015, and (ii) the Suite 400 Lease expires on October 14, 2015; and

WHEREAS, the Lessor and the City have agreed to combine the Suite 400 Lease and the Suite 750 Lease into one amendment instead of two for the sake of simplification and to add additional space located in Suite 700 of the Building; and

WHEREAS, Lessor and the City desire to extend the respective Terms of the City Leases and further amend the City Leases as more particularly described hereinbelow;

NOW, THEREFORE, pursuant to the foregoing, and in consideration of the mutual covenants and agreements contained in the City Leases, respectively, and herein, the City Leases, effective as of the Effective Date, are hereby modified and amended as set out below:

1. All capitalized terms used herein shall have the same meaning as defined in the City Leases, unless otherwise defined in this First Amendment and any references in the City Leases to the term "Lessee" shall be deemed to mean and refer to the City:

2. Landlord and Tenant acknowledge and agree that on the Effective Date, the Suite 400 Premises contains 28,523 rentable square feet located on the third (3rd) and fourth (4th) floors of the Building, however, Tenant has agreed to vacate and surrender the portion of the Suite 400 Premises located on the third (3rd) floor of the Building, consisting of 7,093 rentable square feet (such space referred to herein as the "Released Suite 400 Premises"), effective on and as of 5:00 p.m. on October 14, 2015 (the "Reduction Date"), subject to the existing terms and conditions of the Suite 400 Lease. Except as otherwise expressly set forth herein, all of the terms and provisions of the Suite 400 Lease shall remain in full force and effect, as amended herein, throughout the First Amendment Term. From and after the Reduction Date, the "Suite 400 Premises" shall consist of 21,430 rentable square feet only, located on the fourth (4th) floor (such space being referred to herein as the "Remaining Suite 400 Premises"), with such Remaining Suite 400 Premises being depicted on the floor plan attached as Exhibit "C" hereto (with the Suite 750 Premises and the Remaining Suite 400 Premises being collectively referred to herein as the "City Premises").

3. Notwithstanding anything contained in the City Leases or this First Amendment to the contrary, the square footage of the Building and the City Premises have been re-measured by Lessor, and, as a result thereof, Lessor and the City hereby acknowledge and agree that from and after the First Amendment Commencement Date (as hereinafter defined), for all purposes of the City Leases, (a) the Building shall be deemed to contain a total of 172,624 rentable square feet of space, plus an additional 19,250 rentable square feet of storage space, and (b) the City Premises contains a total of 30,888 rentable square feet of space, comprised of the following: (i) 9,458 rentable square feet located in Suite 750 in the Building (being the Suite 750 Premises), subject to all of the existing terms of the Suite 750 Lease; and (ii) 21,430 rentable square feet located in Suite 400 in the Building (being the Remaining Suite 400 Premises), subject to all of the existing terms of the Suite 400 Lease. In no event shall such re-measurement affect the parties respective obligations under the City Leases with respect to any period prior to the First Amendment Commencement Date.

4. Lessor and the City hereby agree to extend the Term of (i) the Suite 750 Lease (currently scheduled to expire on August 24, 2015) for an additional period of one hundred twenty (120) months, seven (7) days (the "First Amendment Term"), commencing on August 25, 2015 (the "First Amendment Commencement Date" or "FACD"), and continuing through and expiring on August 31, 2025 (the "First Amendment Termination Date" or "FATD"), upon and subject to all of the existing terms of the Suite 750 Lease, as amended by this First Amendment; and (ii) the Suite 400 Lease (currently scheduled to expire on October 14, 2015) for an additional period, continuing through and expiring on the First Amendment Termination Date (ending on August 31, 2025), upon and subject to all of the existing terms of the Suite 400 Lease, as amended by this First Amendment.

5. Lessor and the City hereby agree that the City shall continue to pay Base Rent with respect to (i) the Released Suite 400 Premises only through the Reduction Date (October 14, 2015) in accordance with the existing terms of the Suite 400 Lease, and (ii) the City Premises through August 24, 2015, in accordance with the existing terms of the City Leases. Commencing on and as of the First Amendment Commencement Date (August 25, 2015) and continuing throughout the First Amendment Term (ending on August 31, 2025), Base Rent

payable by the City for the City Premises (being the Suite 750 Premises and the Remaining Suite 400 Premises combined) shall be amended to be as follows:

<u>Period</u>	<u>Annual Rate Per Square Foot</u>	<u>Monthly Installment for 30,888 rsf</u>
FACD to 08/31/16	\$28.00	\$72,072.00*
09/01/16 to 08/31/17	\$29.00	\$74,646.00
09/01/17 to 08/31/18	\$30.00	\$77,220.00
09/01/18 to 08/31/19	\$31.00	\$79,794.00
09/01/19 to 08/31/20	\$32.00	\$82,368.00
09/01/20 to 08/31/21	\$33.00	\$84,942.00
09/01/21 to 08/31/22	\$34.00	\$87,516.00
09/01/22 to 08/31/23	\$35.00	\$90,090.00
09/01/23 to 08/31/24	\$36.00	\$92,664.00
09/01/24 to the FATD	\$37.00	\$95,238.00
*Base Rent for any period stipulated in this <u>Paragraph 5</u> which is not a full calendar month shall be calculated on a per diem basis.		

6. Lessor and the City hereby agree that in addition to Base Rent, the City shall also continue to pay Additional Rent with respect to the (i) Released Suite 400 Premises only through the Reduction Date (October 14, 2015) in accordance with the existing terms of the Suite 400 Lease, and (ii) the City Premises through August 24, 2015, in accordance with the existing terms of each of the City Leases, respectively. Notwithstanding anything contained in the City Leases to the contrary, commencing on the First Amendment Commencement Date (August 25, 2015) and continuing throughout the First Amendment Term (ending on August 31, 2025), in addition to Base Rent, the City shall continue to pay to Lessor, as Additional Rent, the City's Share of Real Property Taxes (in accordance with Part A of each of the City Leases, respectively), plus the City's Share of Operating Costs (in accordance with Part A of each of the City Leases, respectively), and any and all other sums due to Lessor as Additional Rent under the terms of the City Leases, respectively and in accordance with the existing terms of the City Leases applicable to the calculations thereof; provided, however, the Suite 400 Lease and Suite 750 Lease shall be amended to provide that (i) the Base Tax Year (as defined in Part A of the Suite 400 Lease and Suite 750 Lease, respectively), shall be amended to be the Lease Year 2016, (ii) the Base Services Year (as defined in Part A of Suite 400 Lease and Suite 750 Lease, respectively), shall be amended to be the Lease Year 2016, (iii) the "City's Percentage of the Building" (as defined in Section 1(e) of the Suite 400 Lease) for the Remaining Suite 400 Premises only shall be amended to be 12.4143% (21,430 rsf/172,624 rsf), and (iv) the "City's Percentage of the Building" (as defined in Section 1(e) of the Suite 750 Lease) for the Suite 750 Premises only shall be amended to be 5.479% (9,458 rsf/172,624 rsf).

7. Lessor and the City acknowledge and agree that certain space containing a total of 1,745 rentable square feet of space, currently designated as Suite 700 in the Building (such space being referred to as the "Suite 700 Space"), is subject to the rights of an existing tenant (the "Existing Tenant"), in accordance with the terms of an existing lease (the "Existing Lease"), a floor plan of the Suite 700 being shown on Exhibit "D" attached hereto and made a part hereof for all purposes. Notwithstanding anything herein to the contrary, as of the Effective Date,

Lessor is in the process of relocating the Existing Tenant to other space in the Building in accordance with the terms of the Existing Lease. Following the Existing Tenant's vacation and surrender of the Suite 700 Space, the City Leases shall be amended to include the Suite 700 Space, upon substantially the same terms and conditions as this First Amendment; provided, however, notwithstanding the foregoing, (x) the Term of the City Leases with respect to such Suite 700 Space shall be co-terminus with the then-existing First Amendment Term, (y) the Base Rent payable with respect to the Suite 700 Space shall be determined based upon the same annual rental rate required to be paid with respect to the City Premises leased hereunder for the same number of months remaining in the First Amendment Term (as more fully set forth in Paragraph 5 above), multiplied by the total number of rentable square feet contained in the Suite 700 Space (1,745 rsf), and (z) Lessor's monetary obligation with respect to any tenant improvement costs shall be limited to a pro rata share of the actual per rentable square foot of space cost that Lessor paid for the construction of the Extension Improvements pursuant to the terms of Exhibit "A" attached to this First Amendment [such pro rata share that Lessor shall provide the City with respect to the Extension Improvements to such Suite 700 Space shall be equal to the product of (i) Thirty and No/100 Dollars (\$30.00), multiplied by (ii) 1,745 rsf (being the total number of rentable square feet of space contained within the Suite 700 Space), multiplied by (iii) a fraction, the numerator of which is the number of months (including partial months) remaining in the then-existing First Amendment Term and the denominator of which is 120 (being the total number of months in which the City is obligated to pay Base Rent for the City Premises during the First Amendment Term). Commencing no later than sixty (60) days following the date on which the Existing Tenant vacates and surrenders the Suite 700 Space to Lessor (such date being referred to herein as the "Suite 700 Expansion Commencement Date"), the City Premises shall be expanded to include the Suite 700 Space in accordance with the terms of this Paragraph 7. Prior to the Suite 700 Expansion Commencement Date, Lessor and the City agree to enter into an amendment regarding the City's expansion into the Suite 700 Space, confirming among other things, the Suite 700 Expansion Commencement Date and the Base Rent for the Suite 700 Space (the "Suite 700 Amendment").

8. The City is currently in possession of, and hereby leases from Lessor, the City Premises in their "AS-IS", "WHERE-IS" and "WITH ALL FAULTS" condition, and the City acknowledges that Lessor shall have no obligation to refurbish or otherwise improve the City Premises at any time through the expiration of the First Amendment Term; provided, however, (i) with respect to the Suite 750 Premises, Lessor agrees to provide the City with an improvement allowance of up to Two Hundred Eighty-Three Thousand Seven Hundred Forty and No/100 Dollars (\$283,740.00) (\$30.00 per rentable square foot for 9,458 rsf) (the "Suite 750 Allowance"), to be applied to the cost of performing improvements to the Suite 750 Premises (the "Suite 750 Improvements"), and (ii) with respect to the Remaining Suite 400 Premises, Lessor agrees to provide the City with an improvement allowance of up to Six Hundred Forty-Two Thousand Nine Hundred and No/100 Dollars (\$642,900.00) (\$30.00 per rentable square foot for 21,430 rsf) (the "Remaining Suite 400 Allowance"), to be applied to the cost of performing improvements to the Remaining Suite 400 Premises (the "Remaining Suite 400 Premises Improvements") (with the Suite 750 Allowance and the Remaining Suite 400 Allowance being collectively referred to herein as the "Extension Allowance" and the Suite 750 Improvements and the Remaining Suite 400 Improvements being collectively referred to herein as the "Extension Improvements"). The Extension Improvements being more fully described in

Exhibit "A" attached hereto and completed by Lessor in accordance with said Exhibit "A". Notwithstanding the foregoing, the City shall have the right to apply up to (i) Forty-Seven Thousand Two Hundred Ninety and No/100 Dollars (\$47,290.00) (\$5.00 per rentable square foot for 9,458 rsf) out of the Suite 750 Allowance on Extension Improvements performed in the Remaining Suite 400 Premises, and (ii) One Hundred Seven Thousand One Hundred Fifty and No/100 Dollars (\$107,150.00) (\$5.00 per rentable square foot for 21,430 rsf) out of the Remaining Suite 400 Allowance on Extension Improvements performed in the Suite 750 Premises; provided, however, in no event shall the total amount advance by Lessor for the Suite 750 Allowance and the Remaining Suite 400 Allowance, in the aggregate, exceed One Hundred Fifty-Four Thousand Four Hundred Forty and No/100 Dollars (\$154,440.00). The City further acknowledges and agrees that any obligations of Lessor existing in the City Leases to complete leasehold improvements and/or furnish allowance(s) with respect to the City Premises, if any, have been completed and/or satisfied in their entirety, and any provisions in the City Leases providing for such obligations are hereby null and void and of no further force or effect.

9. Commencing on the First Amendment Commencement Date (August 25, 2015) and continuing throughout the First Amendment Term (ending on August 31, 2025), the City shall have the right to use 4,147 rentable square feet of space, in the lower level of the Building, designated as follows: (i) Suite W3A (containing 880 rentable square feet); (ii) Suite S07 (containing 516 rentable square feet); (iii) Suite A10 (containing 212 rentable square feet); (iv) Suite 06S (containing 155 rentable square feet); (v) Suite 07S (containing 144 rentable square feet); (vi) Suite S05 (containing 276 rentable square feet); (vii) Suite S06 (containing 788 rentable square feet); and (viii) Suite S03 (containing 1,176 rentable square feet) (the "Storage Space"), being shown on Exhibit "E" attached hereto and made a part hereof for all purposes, for the sole purpose of storing the property of the City that may be lawfully placed in the Storage Space and for no other purpose. Commencing on the First Amendment Commencement Date and continuing throughout the First Amendment Term, rent for the Storage Space will be Five Thousand Five Hundred Twenty-Nine and 33/100 Dollars (\$5,529.33) per month (\$16.00 per rentable square foot per annum for 4,147 rsf) ("Storage Rent"). Storage Rent shall be due and payable to Lessor monthly, in accordance with the terms of the City Leases regarding payment of Base Rent for the City Premises. The City's failure to pay Storage Rent in accordance with the terms of the City Leases shall constitute a failure to pay Base Rent under the City Leases and shall entitle Lessor to all rights and remedies in connection therewith. The City hereby accepts the Storage Space in its "as-is, where-is" condition. Notwithstanding anything herein to the contrary, Lessor shall not be obligated to provide janitorial service to the Storage Space. The City shall be responsible for securing the Storage Space and its contents. Lessor shall have no obligation to provide any services or utilities to the Storage Space except for those services and utilities currently provided thereto, and in no event shall Lessor have any liability whatsoever in the event of any interruption or cessation in any of such services or utilities so provided. Notwithstanding anything in the City Leases to the contrary, Lessor, at Lessor's sole cost and expense, upon thirty (30) days' prior notice to the City, shall have the right to relocate the City's Storage Space to comparable space regarding size and dimensions, in the Building as reasonably determined by Lessor in its sole discretion, and at the sole expense of the Lessor. Solely with respect to the application of the Self-Insurance provisions of Paragraph 18 of Part B of the City Leases, the City Premises shall be deemed to include the Storage Space and the City's Self-Insurance coverages required thereunder shall be extended to, and shall expressly cover, the

Storage Space. The City shall not make any alterations, additions or improvements to the Storage Space without Lessor's prior written consent. Additionally, in no event shall the City have any right to sublease the Storage Space or permit any third party to use the Storage Space, except in connection with a permitted sublease of the City Premises. The City's right to use the Storage Space shall automatically terminate upon the expiration or co-terminus termination of the City Leases or of the City's right to possession of the City Premises. Upon the expiration or earlier termination of the City Leases or of the City's right to possession of the City Premises, the City shall vacate the Storage Space and remove all of its property therefrom and shall otherwise deliver up the Storage Space to Lessor in the condition the same was delivered to the City, ordinary wear and tear excepted. In the event the City fails to vacate and deliver up the Storage Space to Lessor in the condition described above prior to the expiration or termination of the City Leases with respect to the Storage Space, the City shall be deemed to be a tenant at sufferance, holding over without the consent of Lessor, and the City shall pay Storage Rent throughout the holdover period at rate equal to one hundred fifty percent (150%) of the Storage Rent payable immediately prior to the holdover for each day that the City remains in possession as a holdover the City. The City shall be responsible for all costs required to repair any damage to the Storage Space resulting from the City's use and occupancy thereof.

10. Lessor and the City acknowledge and agree that the City shall have the right to further extend the Term of the City Leases for two (2) additional periods of five (5) years each pursuant to and in accordance with the terms and conditions set forth in Exhibit "B" attached hereto.

11. Notwithstanding anything to the contrary contained in the City Leases, except as set forth in Paragraph 10 above and Exhibit "B" attached hereto, Lessor and the City acknowledge and agree that the City has no renewal, expansion, first offer or first refusal rights under any of the City Leases and any provisions in the City Leases providing for such rights are hereby of no further force or effect.

12. Lessor's address for notice purposes under the City Leases is hereby amended to be the following:

"KBS SOR Central Building, LLC
c/o Commercial Real Estate Solutions LLC
810 3rd Avenue, Suite 140
Seattle, Washington 98104

With a copy to:

KBS Capital Advisors, LLC
800 Newport Center Drive, Suite 700
Newport Beach, California 92660
Attn: Jeff Rader, Senior Vice President"

The City shall pay all rent to Lessor as follows:

"KBS SOR Central Building, LLC
c/o Cushman & Wakefield/Northmarq
SDS 12-2659
P.O. Box 86
Minneapolis, Minnesota 86486-2659

or to such other address as Lessor may designate in writing."

13. The City warrants that it has had no dealings with any broker or agent other than CBRE, Inc. and Flynn Ferguson (collectively, the "Brokers") in connection with the negotiation or execution of this First Amendment, and the City agrees to indemnify Lessor and hold Lessor harmless from and against any and all costs, expenses, or liability for commissions or other compensations or charges claimed by any broker or agent, other than the Brokers, with respect to this First Amendment.

14. With the exception of those terms and conditions specifically modified and amended herein, the herein referenced City Leases shall remain in full force and effect in accordance with all its terms and conditions. In the event of any conflict between the terms and provisions of this First Amendment and the terms and provisions of the City Leases, the terms and provisions of this First Amendment shall supersede and control.

15. This First Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of such counterparts shall constitute one agreement. To facilitate execution of this First Amendment, the parties may execute and exchange electronic transmission (e-mail) or facsimile counterparts of the signature pages and such e-mail or facsimile counterparts shall serve as originals.

16. In order to be effective, this First Amendment must be (1) signed by an authorized representative of the Lessor and returned to the City at the address set forth in the City Leases, and (2) signed by the appropriate and duly authorized person at the City pursuant to ordinance authority. Lessor acknowledges that if this First Amendment is signed by the appropriate and duly authorized person at the City prior to obtaining ordinance authority, this First Amendment shall not take effect unless and until the Seattle City Council provides such ordinance authority. If the Seattle City Council does not provide such ordinance authority on or before _____, 2015, then to the extent any rights or responsibilities have accrued under this First Amendment either Lessor or the City may terminate such rights and responsibilities at any time thereafter by giving notice to such effect to the other party.

[SIGNATURE PAGE FOLLOWS]

FIRST AMENDMENT TO LEASE AGREEMENTS
BY AND BETWEEN KBS SOR CENTRAL BUILDING, LLC, AS LESSOR,
AND THE CITY OF SEATTLE, AS THE CITY

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Lease Agreements to be effective as of the Effective Date.

LESSOR:

**KBS SOR CENTRAL BUILDING, LLC,
a Delaware limited liability company**

**By: KBS Capital Advisors, LLC,
a Delaware limited liability company,
as its authorized agent**

**By: _____
Jeff Rader, Senior Vice President**

Date: _____, 2015

THE CITY:

**THE CITY OF SEATTLE, a municipal
corporation of the State of Washington**

**By: _____
Name: _____
Title: _____**

Date: _____, 2015

Authorized by Ordinance Number: _____

FIRST AMENDMENT TO LEASE AGREEMENTS
BY AND BETWEEN KBS SOR CENTRAL BUILDING, LLC, AS LESSOR,
AND THE CITY OF SEATTLE, AS THE CITY

STATE OF CALIFORNIA)
)ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that **JEFF RADER** is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Senior Vice President of KBS Capital Advisors, LLC, a Delaware limited liability company, as the authorized agent of **KBS SOR CENTRAL BUILDING, LLC**, a Delaware limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 2015.

(Signature)

(Print Name)

Notary Public, in and for the State
of California, residing at _____
My Commission Expires _____

STATE OF WASHINGTON)
)ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the _____ of **THE CITY OF SEATTLE**, a municipal corporation of the State of Washington, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____, 2015.

(Signature)

(Print Name)

Notary Public, in and for the State
of Washington, residing at _____
My Commission Expires _____

EXHIBIT "A"
WORK LETTER (ALLOWANCE)

THIS WORK LETTER is attached as Exhibit "A" to the First Amendment to Lease Agreements between **KBS SOR CENTRAL BUILDING, LLC**, a Delaware limited liability company, as Lessor, and **THE CITY OF SEATTLE**, a municipal corporation, as the City, and constitutes the further agreement between Lessor and the City as follows:

(with the Suite 750 Allowance and the Remaining Suite 400 Allowance being collectively referred to herein as the "Extension Allowance" and the Suite 750 Improvements and the Remaining Suite 400 Improvements being collectively referred to herein as the "Extension Improvements").

(a) Extension Improvements. Lessor, at the City's sole cost and expense, agrees to furnish or perform the Extension Improvements, as defined in Paragraph 8 of this First Amendment (being comprised of the Suite 750 Improvements and the Remaining Suite 400 Improvements) as specified in the Final Plans to be agreed to by Lessor and the City as set forth in Paragraph (b) below; provided, however, Lessor shall pay for the cost of such Extension Improvements up to the extent of Extension Allowance as set forth in Paragraph (e) below.

(b) Space Planner. Lessor has retained a space planner (the "Space Planner") to prepare certain plans, drawings and specifications (the "Temporary Plans") for the construction of the Extension Improvements to be installed in the City Premises by a general contractor selected by Lessor pursuant to this Work Letter. The City shall deliver to Space Planner within ten (10) days after the execution of this First Amendment all necessary information required by the Space Planner to complete the Temporary Plans. The City shall have five (5) business days after its receipt of the proposed Temporary Plans to review the same and notify Lessor in writing of any comments or required changes, or to otherwise give its approval or disapproval of such proposed Temporary Plans. If the City fails to give written comments to or approve the Temporary Plans within such five (5) business day period, then the City shall be deemed to have approved the Temporary Plans as submitted. Lessor shall have five (5) business days following its receipt of the City's comments and objections to redraw the proposed Temporary Plans in compliance with the City's request and to resubmit the same for the City's final review and approval or comment within five (5) business days of the City's receipt of such revised plans. Such process shall be repeated twice and if at such time final approval by the City of the proposed Temporary Plans has not been obtained, then Lessor shall complete such Temporary Plans, at the City's sole cost and expense, and it shall be deemed that the City has approved the Temporary Plans. Once the City has approved or has been deemed to have approved the Temporary Plans, then the approved (or deemed approved) Temporary Plans shall be thereafter known as the "Final Plans". The Final Plans shall include the complete and final layout, plans and specifications for the City Premises showing all doors, light fixtures, electrical outlets, telephone outlets, wall coverings, plumbing improvements (if any), data systems wiring, floor coverings, wall coverings, painting, any other improvements to the City Premises beyond the shell and core improvements provided by Lessor and any demolition of existing improvements in the City Premises. The improvements shown in the Final Plans shall (i) utilize Lessor's building standard materials and methods of construction, (ii) be compatible with the shell and core

improvements and the design, construction and equipment of the City Premises, and (iii) comply with all applicable laws, rules, regulations, codes and ordinances.

(c) Bids. As soon as practicable following the approval of the Final Plans, Lessor shall (i) obtain a written non-binding itemized estimate of the costs of all Extension Improvements shown in the Final Plans as prepared by a general contractor selected by Lessor, and (ii) if required by applicable law, codes or ordinances, submit the Final Plans to the appropriate governmental agency for the issuance of a building permit or other required governmental approvals prerequisite to commencement of construction of such Extension Improvements ("Permits"). The City acknowledges that any cost estimates are prepared by the general contractor and Lessor shall not be liable to the City for any inaccuracy in any such estimate. Within five (5) business days after receipt of the written non-binding cost estimate prepared by the general contractor, the City shall either (A) give its written approval thereof and authorization to proceed with construction or (B) immediately request the Space Planner to modify or revise the Plans in any manner desired by the City to decrease the cost of the Extension Improvements. If the City is silent during such five (5) business day period, then the City shall be deemed to have approved such non-binding cost estimate as set forth in Clause (A) above. If the Final Plans are revised pursuant to Clause (B) above, then Lessor shall request that the general contractor provide a revised cost estimate to the City based upon the revisions to the Final Plans. Such modifications and revisions shall be subject to Lessor's reasonable approval and shall be in accordance with the standards set forth in Paragraph (b) of this Work Letter. Within ten (10) business days after receipt of the general contractor's original written cost estimate and the description, if any, of any City Delay, the City shall give its final approval of the Final Plans to Lessor which shall constitute authorization to commence the construction of the Extension Improvements in accordance with the Final Plans, as modified or revised. The City shall signify its final approval by signing a copy of each sheet or page of the Final Plans and delivering such signed copy to Lessor.

(d) Construction. Lessor shall commence construction of the Extension Improvements within ten (10) days following the later of (i) the approval of the Final Plans, or (ii) Lessor's receipt of any necessary Permits. Lessor shall diligently pursue completion of construction of the Extension Improvements and use its commercially reasonable efforts to complete construction of the Extension Improvements as soon as reasonably practicable. Notwithstanding anything in this First Amendment or in this Work Letter to the contrary, except as otherwise expressly set forth in Paragraph (h) below, Extension Allowance, as defined in Paragraph 8 of this First Amendment, shall be used only for the construction of the Extension Improvements, and if construction of the Extension Improvements is not completed on or prior to December 31, 2016 ("Construction Termination Date"), then Lessor's obligation to provide the Extension Allowance shall terminate and become null and void, and the City shall be deemed to have waived its rights in and to said Extension Allowance.

(e) Extension Allowance. Subject to the terms and provisions of this Work Letter, Lessor shall pay the cost of the Extension Improvements ("Work") up to the amount of the Extension Allowance, as detailed in Paragraph 8 of this First Amendment to Lease Agreements. If the amount of the lowest qualified bid to perform the Work exceeds the Extension Allowance, the City shall bear the cost of such excess and shall pay the estimated cost of such excess to Lessor prior to commencement of construction of such Extension Improvements and a final

adjusting payment based upon the actual costs of the Extension Improvements shall be made when the Extension Improvements are completed. If the cost of the Work is less than such amount, then the City shall not receive any credit whatsoever for the difference between the actual cost of the Work and Extension Allowance, except as otherwise expressly set forth in Paragraph (h) below. All remaining amounts due to Lessor shall be paid upon the earlier of Substantial Completion of the Extension Improvements or presentation of a written statement of the sums due, which statement may be an estimate of the cost of any component of the Work. The cost of the permits, working drawings, hard construction costs, mechanical and electrical planning, fees, permits, general contract overhead, and a coordination fee payable to Lessor equal to five percent (5%) of the actual costs of construction and such costs or permits, fees, planning and contractor overhead shall be payable out of the Extension Allowance and shall be included in the cost of the Work. The cost of the Work shall not include any other fees payable to Lessor.

(f) Change Order. If the City shall desire any changes to the Final Plans, the City shall so advise Lessor in writing and Lessor shall determine whether such changes can be made in a reasonable and feasible manner. Any and all costs of reviewing any requested changes, and any and all costs of making any changes to the Extension Improvements which the City may request and which Lessor may agree to shall be at the City's sole cost and expense and shall be paid to Lessor upon demand and before execution of the change order. In no event shall Lessor be obligated to perform any Extension Improvements which would extend the construction period past the Construction Termination Date, unless such extension was mutually agreed to in writing by Lessor and the City prior to the commencement of said construction. If Lessor approves the City's requested change, addition, or alteration, the Space Planner, at the City's sole cost and expense, shall complete all working drawings necessary to show the change, addition or alteration being requested by the City.

(g) Substantial Completion. "Substantial Completion" of construction of the Extension Improvements shall be defined as the date upon which the Space Planner or other consultant engaged by Lessor determines that the Extension Improvements have been substantially completed in accordance with the Final Plans except for Punch List items (defined below), unless the completion of such improvements was delayed due to any City Delay (defined below), in which case the date of Substantial Completion shall be the date such improvements would have been completed, but for the City Delays. The term "Punch List" items shall mean items that constitute minor defects or adjustments which can be completed after occupancy without causing any material interference with the City's use of the City Premises. After the completion of the Extension Improvements, the City shall, upon demand, execute and deliver to Lessor a letter of acceptance of improvements performed on the City Premises. The term "City Delay" shall include, without limitation, any delay in the completion of construction of Extension Improvements resulting from (i) the City's failure to comply with the provisions of this Work Letter, (ii) any additional time as reasonably determined by Lessor required for ordering, receiving, fabricating and/or installing items or materials or other components of the construction of Extension Improvements, including, without limitation, mill work, (iii) delay in work caused by submission by the City of a request for any change order (defined below) following the City's approval of the Final Plans, or for the implementation of any change order, or (iv) any delay by the City in timely submitting comments or approvals to the Temporary Plans or Final Plans.

(h) Excess Allowance. Notwithstanding anything herein to the contrary, if the total cost of the Work is less than the total amount of the Extension Allowance (the difference between the cost of the Work and the cost of the Extension Allowance being referred to herein as the "Excess Allowance"), then Lessor agrees that, upon the City's written request and subject to the further terms of this Paragraph (h), the City shall have the right to have up to (but not to exceed) (i) \$47,290.00 (\$5.00 per square foot for 9,458 rsf) out of such Excess Allowance for the Suite 750 Premises and (ii) \$107,150.00 (\$5.00 per square foot for 21,430 rsf) out of such Excess Allowance for the Remaining Suite 400 Premises, either (i) disbursed to the City as a reimbursement of the actual out-of-pocket expenses paid by the City to third parties in connection with the City's furniture, fixtures, equipment and the installation of wiring and cabling in the City Premises (the "FF&E Reimbursement"), and/or (ii) credited towards the monthly installment(s) of Base Rent becoming due under the City Leases after the First Amendment Commencement Date (the "Rent Credit"), until such time as the total amount of the Excess Allowance available to the City for such credit has been exhausted; provided, however, in no event shall (x) the total amount advanced by Lessor to the City for the FF&E Reimbursement and/or Rent Credit, exceed the lesser of the amount of the Excess Allowance or (i) \$47,290.00 (\$5.00 per square foot for 9,458 rsf) out of such Excess Allowance for the Suite 750 Premises and (ii) \$107,150.00 (\$5.00 per square foot for 21,430 rsf) out of such Excess Allowance for the Remaining Suite 400 Premises, and (y) the amount advanced by Lessor for the cost of the Work, the FF&E Reimbursement and/or the Rent Credit exceed the amount of the Extension Allowance. In the event the City desires any such credit and/or reimbursement, the City shall notify Lessor of the amounts that the City wants credited and/or reimbursed (and, if reimbursed, the City shall include actual copies of paid invoices reflecting amounts the City desires to have reimbursed) within sixty (60) days following the First Amendment Commencement Date, and, notwithstanding anything herein to the contrary, if the City fails to so notify Lessor in writing of such amounts the City desires to have credited and/or reimbursed within said sixty (60) day period, the City shall not be entitled to any such credit and/or reimbursement and all such Excess Allowance shall belong to Lessor and the City shall have no rights thereto.

(i) Construction of Extension Improvements. In connection with the construction of the Extension Improvements, Lessor agrees to use commercially reasonable efforts to complete the Extension Improvements so as to minimize, to the extent reasonably practical and without additional expense to Lessor, any interruption of or interference with the business of the City and the City understands and agrees that the construction thereof will occur while the City is in occupancy of the City Premises, and the City hereby agrees to cooperate with Lessor and make reasonable accommodations (including movement of the City's furniture, fixtures and equipment, if necessary), for Lessor to complete such Extension Improvements in a timely and efficient manner (the cost of which shall be included in the cost of the Extension Improvements); provided, however, and notwithstanding the foregoing to the contrary, the City, at the City's sole cost and expense, shall be responsible for packing and moving all of the City's, and/or the City's employees, personal property and belongings (including, but not limited to, artwork and valuables) necessitated by the construction of the Extension Improvements in the City Premises.

EXHIBIT "B"

TWO RENEWAL OPTIONS AT MARKET

(a) Provided that as of the time of the giving of the First Extension Notice and the Commencement Date of the First Extension Term, (i) the City is the party originally named herein, (ii) the City actually occupies all of the City Premises demised under this First Amendment and any space added to the City Premises, and (iii) no event of default exists or would exist but for the passage of time or the giving of notice, or both; then the City shall have the right to further extend the Term of the City Leases for an additional term of five (5) years (such additional term is hereinafter called the "First Extension Term") commencing on the day following the expiration of the First Amendment Term of the City Leases (hereinafter referred to as the "Commencement Date of the First Extension Term"). The City must give Lessor notice (hereinafter called the "First Extension Notice") of its election to extend the Term of the City Leases at least nine (9) months, but not more than twelve (12) months, prior to the scheduled expiration date of the First Amendment Term.

(b) Provided that as of the time of the giving of the Second Extension Notice and the Commencement Date of the Second Extension Term, (i) the City is the party originally named herein, (ii) the City actually occupies all of the City Premises demised under this First Amendment and any space added to the City Premises, and (iii) no event of default exists or would exist but for the passage of time or the giving of notice, or both and provided the City has exercised its option for the First Extension Term; then the City shall have the right to further extend the Term of the City Leases for an additional term of five (5) years (such additional term is hereinafter called the "Second Extension Term") commencing on the day following the expiration of the First Extension Term (hereinafter referred to as the "Commencement Date of the Second Extension Term"). The City must give Lessor notice (hereinafter called the "Second Extension Notice") of its election to extend the Term of the City Leases at least nine (9) months, but not more than twelve (12) months, prior to the scheduled expiration date of the First Extension Term.

(c) The Base Rent payable by the City to Lessor during the First Extension Term shall be the greater of (i) the Base Rent applicable to the last year of the First Amendment Term and (ii) the then prevailing market rate for comparable space in the Building and comparable buildings in the vicinity of the Building, taking into account the size of the City Leases, the length of the renewal term, market escalations and the credit of the City. The Base Rent shall not be reduced by reason of any costs or expenses saved by Lessor by reason of Lessor's not having to find a new tenant for such premises (including, without limitation, brokerage commissions, costs of improvements, rent concessions or lost rental income during any vacancy period). In the event Lessor and the City fail to reach an agreement on such rental rate and execute the Extension Amendment (defined below) at least eight (8) months prior to the expiration of the First Amendment Term, then the City's exercise of the renewal option shall be deemed withdrawn and the City Leases shall terminate on the First Amendment Termination Date.

(d) The Base Rent payable by the City to Lessor during the Second Extension Term shall be the greater of (i) the Base Rent applicable to the last year of the First Extension Term and (ii) the then prevailing market rate for comparable space in the Building and comparable

buildings in the vicinity of the Building, taking into account the size of the City Leases, the length of the renewal term, market escalations and the credit of the City. The Base Rent shall not be reduced by reason of any costs or expenses saved by Lessor by reason of Lessor's not having to find a new tenant for such premises (including, without limitation, brokerage commissions, costs of improvements, rent concessions or lost rental income during any vacancy period). In the event Lessor and the City fail to reach an agreement on such rental rate and execute the Extension Amendment (defined below) at least eight (8) months prior to the expiration date of the First Extension Term, then the City's exercise of the renewal option shall be deemed withdrawn and the City Leases shall terminate at the end of the First Extension Term.

(e) The determination of Base Rent does not reduce the City's obligation to pay or reimburse Lessor for the City's Share of Real Property Taxes, Operating Costs and other reimbursable items as set forth in the City Leases, and the City shall reimburse and pay Lessor as set forth in the City Leases with respect to such Operating Costs and other items with respect to the City Premises during the First Extension Term and/or the Second Extension Term without regard to any cap on such costs and/or expenses set forth in the City Leases.

(f) Except for the Base Rent during the First Extension Term as determined above, the City's occupancy of the City Premises during the First Extension Term shall be on the same terms and conditions as are in effect immediately prior to the expiration of the First Amendment Term; provided, however, the City shall have no further right to any allowances, credits or abatements or any options to expand, contract, terminate, renew or extend the City Leases. Except for the Base Rent during the Second Extension Term as determined above, the City's occupancy of the City Premises during the Second Extension Term shall be on the same terms and conditions as are in effect immediately prior to the expiration of the First Extension Term; provided, however, the City shall have no further right to any allowances, credits or abatements or any options to expand, contract, terminate, renew or extend the City Leases.

(g) If the City does not give the First Extension Notice within the period set forth in Paragraph (a) above, the City's right to extend the Term for the First Extension Term and the Second Extension Term shall automatically terminate. If the City does not give the Second Extension Notice within the period set forth in Paragraph (b) above, the City's right to extend the Term for the Second Extension Term shall automatically terminate. Time is of the essence as to the giving of the First Extension Notice and the Second Extension Notice.

(h) Lessor shall have no obligation to refurbish or otherwise improve the City Premises for the First Extension Term and/or the Second Extension Term. The City Premises shall be tendered on the Commencement Date of the First Extension Term and the Commencement Date of the Second Extension Term in "as-is", "where-is", and "with all faults" condition.

(i) If the City Leases is extended for either the First Extension Term or the Second Extension Term, then Lessor shall prepare and the City shall execute an amendment to the City Leases confirming the extension of the Term and the other provisions applicable thereto (the "Extension Amendment").

(j) If the City exercises its right to extend the term of the City Leases for the First Extension Term or the Second Extension Term pursuant to this Exhibit "B", the defined word "Term" as used in the City Leases, shall be construed to include, when practicable, the First Extension Term or the Second Extension Term, as applicable, except as provided in Paragraph (f) above.

EXHIBIT "C"

DESCRIPTION OF THE REMAINING SUITE 400 PREMISES

EXHIBIT "D"

DESCRIPTION OF THE SUITE 700 SPACE

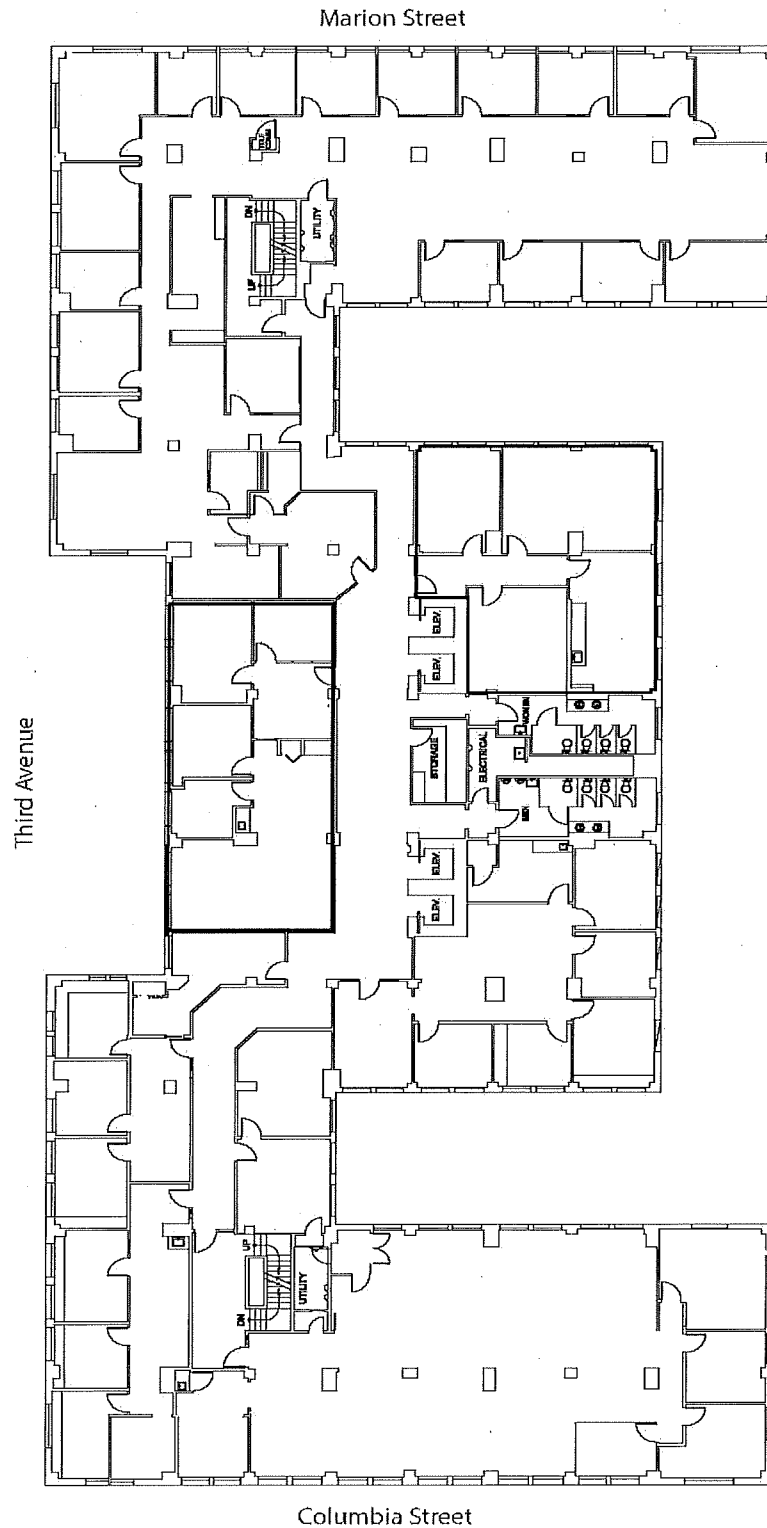


EXHIBIT "E"

DESCRIPTION OF THE STORAGE SPACE